

G-7 and the Dollar: 'No Fire to Be Extinguished' U.S. Deficit Action to Be Stressed

By Reginald Dale
International Herald Tribune

WASHINGTON — Finance ministers from the seven leading industrialized nations see little need for major action to stabilize exchange rates or correct the course of the world economy, despite the recent strong rise in the dollar, according to U.S. and European officials.

The ministers gathered in Washington Thursday night for their first review of international currency and economic developments since President George Bush took office last month.

Although West German authorities have shown concern over the recent weakening of the Deutsche mark against the dollar, a senior European official said, "there is no fire to be extinguished" by the ministers, who were due to continue their talks on Friday.

U.S. officials stressed that the timing of the Group of Seven meeting, suggested by France and West Germany several weeks ago, had nothing to do with the dollar's rise.

The meeting "was not governed or set up for any recent or present exchange-rate developments," David C. Mulford, U.S. undersecretary of the Treasury for international affairs, said earlier this week.

A number of European officials said the dollar was still at "about the right level," despite significant fluctuations over the past year. The dollar's present rate against the mark is almost the same as when the Group of Seven countries — the United States, West Germany, France, Britain, Italy and Canada — first decided to stabilize the U.S. currency in the so-called Louvre Accord of February, 1987, they said.

Since then, the dollar has depreciated against the yen, the officials said, adding that that was appropriate in view of the enormous U.S. trade deficit with Japan.

The dollar is trading around 1.87 DM and 130 yen.

Despite only partial success of recent central bank intervention to stem the dollar's rise, these officials said that no change was required in the Group of Seven's intervention policies. Recent intervention has been "limited," they said, and the levels are unlikely to increase significantly in the months ahead.

Provided the new U.S. administration shows determination to attack the federal budget deficit, the dollar could even appreciate further, the officials added. Even if the dollar does not rise much more, such a commitment by the United States would at least dispel concern that the currency might significantly weaken in the months ahead.

U.S. officials said Treasury Secretary Nicholas F. Brady would reiterate to the other ministers that the new administration recognized its first priority was to reduce the budget deficit.

Mr. Mulford said the decision to hold talks in Washington during the new administration's first few weeks in office "underlines the importance we attach to the economic policy-coordination process and

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Nicholas F. Brady has laid careful plans for his leadership of the Group of Seven.

For Brady, Time to Shine Quietly

By Peter T. Kilborn
New York Times Service

WASHINGTON — For all his credentials — his long friendship with President George Bush, his former days as a top Wall Street investment banker and his stint as a U.S. senator — Nicholas F. Brady seems to be off to a rocky start as secretary of the Treasury.

In the five months he has held the job, the 58-year-old multimillionaire has been criticized for brusquely dismissing a Japanese plan to defuse the Latin debt problem; for confusing the currency markets with statements about the dollar; and, most recently, for floating an idea to solve the savings and loan crisis that was seen as a violation of Mr. Bush's pledge against new taxes.

But now Mr. Brady can distance himself from these episodes as he becomes host of a meeting of finance ministers of the United States and its most powerful allies, known as the Group of Seven.

And for this meeting, he has laid careful plans to make sure there are no more potshots from critics.

In part to keep disputes from escaping a private dinner of the ministers Thursday

night and discussions in Mr. Brady's conference room on Friday, he hopes to complete the affair without even issuing the usual communiqué.

Officials of some of the other countries represented — West Germany, Japan,

France, Britain, Italy and Canada — say, however, that they expect their ministers to try to wrest one out of him anyway.

Indeed, Mr. Brady's low-visibility strategy for the meeting illustrates how much the style of the Treasury has changed since he took over. President Ronald Reagan appointed him in September to the job at Mr. Bush's behest.

He is a former chairman of Dillon, Read & Co. who filled the unexpired term of a U.S. senator in 1982. A graduate of Yale and the Harvard Business School, Mr. Brady also directed the well-regarded analysis of the October 1987 stock market collapse.

He faces rising demands that the administration do more to help reduce the burden of the world's debt-ridden developing countries and is said by aides to be concerned about whether the slow rise of the dollar recently could cause trouble for the U.S. economy.

Mr. Brady has also placed high among his priorities the herculean task of reorienting U.S. industry's focus from short-term to long-term results.

He is regarded warily by Reagan partisans because, like several other top Bush officials, he seems to rely less on ideology in making policy and more on whatever works.

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For Managua, U.S. Pushes Diplomacy

Quayle, in Caracas, Signals Approach

Compiled by Our Staff From Dispatches
CARACAS — Vice President Dan Quayle said here Thursday that Washington would pursue a diplomatic approach to settle the Nicaraguan conflict and was ready to help Latin America cope with its debt crisis.

"There is a period of time in which we are going to pursue a diplomatic approach," Mr. Quayle said at a news conference that he gave after the inauguration of Carlos Andrés Pérez as president of Venezuela.

Discussing U.S. opposition to direct talks with the government of President Daniel Ortega Saavedra of Nicaragua, Mr. Quayle said: "What we want is to have Ortega sit down and to first begin a serious dialogue with the resistance within his own country."

Mr. Quayle criticized former President Jimmy Carter of the United States for meeting with Mr. Ortega in Caracas, saying such action "has a chance of complicating matters."

Mr. Quayle also criticized Mr. Carter for comments that reporters said the former president had made urging the Bush administration to use economic persuasion in El Salvador to encourage the U.S.-backed government there to fight human rights abuses.

"If he's calling for economic sanctions against El Salvador, yes, he's complicating matters," Mr. Quayle said. "I don't think it's particularly helpful for a former president to make those kind of statements."

Mr. Pérez was sworn in as president at a ceremony attended by more than a score of world leaders. Mr. Pérez promised to work for peace in Central America and a solution to the problems of Latin America's \$440 billion foreign debt.

Mr. Pérez, 67, won a second presidential term 10 years after his first term ended. He is Venezuela's seventh president in 30 years of democracy and the first to be re-elected. Mr. Pérez has made it clear that he will work for a common Latin American stand against creditors. He has given top priority to Venezuela's \$33 billion foreign debt.

In a speech Wednesday to the Latin American Economic System, a regional organization, Mr. Pérez called on Latin American nations to "unite our fears and face together the presidents of the United States, Western Europe and Japan's prime minister" in debt discussions.

All the Central American presidents were in Venezuela for the inauguration except José Napoleón Duarte of El Salvador, who has cancer.

Mr. Pérez, a Social Democrat, has promised to normalize Venezuela's relations with Cuba, which were downgraded in 1980.

Mr. Quayle, who arrived in Caracas on Wednesday on his first foreign policy mission, met with Mr. Pérez later that day. Mr. Quayle rejected the idea of a Latin debtors' cartel and said the United States would oppose a move toward one.

Mr. Pérez pressed for more U.S. flexibility on the issue, and Mr. Quayle promised to relay the request to Washington, a Quayle aide said.

Mr. Carter said Wednesday night that he and Mr. Pérez had met Mr. Ortega earlier in the day and that Mr. Ortega told them of a new Nicaragua proposal to solve the struggle with the contra rebels.

Mr. Carter declined to discuss details of Mr. Ortega's plan with reporters, and U.S. officials said they had not seen it.

That diplomats familiar with the Ortega plan said Wednesday that under it Nicaragua would accept repatriation of 11,000 rebel troops while seeking to "build a bridge" for direct talks with Washington on mutual security matters.

Officials said they had heard from those familiar with the Ortega plan that it dealt with resettlement of the contras. And Mr. Carter characterized it as principally a

matter between Nicaragua and Honduras, the country adjacent to Nicaragua that the contras have used as a staging ground.

In an interview with The Washington Post, Mr. Ortega said his initiative stemmed from a Sandinista view that the U.S.-backed counterrevolutionary war in Nicaragua was virtually over. The U.S. Congress cut off military aid to the contras a year ago.

Mr. Ortega said Nicaragua was taking new steps to comply with a 1987 Central American peace accord "so that, in the medium term, we can progress toward direct negotiations with the United States."

(UPI, AP, Reuters)



Jimmy Carter, left, in Caracas on Wednesday with Mr. Ortega, an interpreter and President Pérez of Venezuela.

Chinese Sales Wars Flood U.S. With AK-47 Rifles

By Jay Mathews

SANTA FE SPRINGS, California — Cheap, imported AK-47 rifles, such as ones used in U.S. drug and gang killings and in a California schoolyard massacre, are flooding the United States as a result of a sales war among different agencies of the Chinese government, according to China analysts and firearms dealers.

Chinese eagerness for profits from one of their few products with a high-quality reputation in the United States, and their desire to keep potentially vital weapons plants in operation, has increased imported AK-47 sales tenfold in the last four years and has led to calls for a ban on their sale in California and other states.

The developments have occurred during a new era of Chinese economic liberalization and decentralized decision-making under which Chinese companies often can set many of their own prices but must also pay their own way rather than receive state subsidies.

Tom Hill, a spokesman for the Treasury Department's Bureau of Alcohol, Tobacco and Firearms, said 8,131 AK-47s were imported

in the two years ending in 1986. By contrast, during a 14-month period ending Nov. 30, 1988, the bureau recorded 40,379 imported AK-47s, at least 90 percent from China.

Shane Keng, vice president of Keng's Firearm Specialty Inc. of the fly-by-night operations, there has been a tendency to dump the firearms in the U.S.

The retail price of such arms, often dipping to about \$300, "is so low it's ridiculous," said a dealer who has dealt with the Chinese.

Whether your particular kind of shooting involves skeet or trap, hunting, target shooting or just a casual day out plinking with a few good friends, NORINCO has a firearm that you can enjoy using.

Blurb from an arms catalogue

Riverdale, Georgia, said Chinese government-owned companies such as his supplier, Poly Technologies Inc., were competing with China North Industries Corp., NORINCO, another government arms manufacturer, as well as with smaller government entities for the U.S. market.

Some Chinese suppliers are so confident of finding U.S. buyers that they are sending "factory rejects," Mr. Keng said. "Because of

the fly-by-night operations, there has been a tendency to dump the firearms in the U.S."

Importers argue that a ban on such weapons will not prevent tragedies such as the killing of five schoolchildren in Stockton, California, and argue that their weapons are intended only for hunting and target practice.

J.L. Chen, vice president of ChinaSports Inc. in Santa Fe Springs, said the 223 caliber models his company buys are suitable "only for light sports use," such as target practice.

At ChinaSports' office, dealers can obtain a catalogue with 17 different rifles and pistols on the cover.

"Whether your particular kind of shooting involves skeet or trap, hunting, target shooting or just a casual day out plinking with a few good friends, NORINCO has a firearm that you can enjoy using, and depend on," the catalogue said.

Demand for AK-47s in California has been high in recent weeks, particularly after legislators began to discuss a ban.

A State Department official said federal regulations prohibit impor-

tion of military equipment, such as the AK-47, from the Soviet Union and some other Eastern Bloc countries but permit AK-47 imports from nations such as China, Yugoslavia and Egypt.

Mr. Keng, who has visited some Chinese AK-47 plants, estimated that there are at least 200 of them scattered throughout the country.

His Chinese supplier, Poly Technologies, placed a large ad in the latest edition of Soldier of Fortune magazine calling its AK-47 "an instant classic" and "the essence of practicality."

State Department officials noted that the Chinese weapon sales are legal and are unlikely to be an issue

in talks later this month between President George Bush and Chinese leaders in Beijing.

Mr. Keng, who has visited some Chinese AK-47 plants, estimated that there are at least 200 of them scattered throughout the country.

His Chinese supplier, Poly Technologies, placed a large ad in the latest edition of Soldier of Fortune magazine calling its AK-47 "an instant classic" and "the essence of practicality."

Sir William Stephenson, British Spymaster, Dies

Reuters

HAMILTON, Bermuda — Sir William Stephenson, 93, the wartime spymaster to whom Churchill gave the code name Intrepid, died Tuesday and was buried in a private ceremony Thursday.

As British security coordinator in the Western Hemisphere during the war, he launched a program of British-American cooperation and espionage that was important in the fight against the Germans.

The details of those exploits did not become known until the publication in 1976 of the book "A Man Called Intrepid." Sir William had retired by then, moving to Bermuda in 1968, where he lived quietly.

Sir William was born in Winnipeg, Manitoba, the son of a lumber mill owner. He became an engineer, was gassed in World War I and sent to England to convalesce. He later joined the Royal Flying Corps and shot down 26 enemy planes.

During the 1920s he made a fortune through various business ventures and his invention of the wire photograph. He was also an amateur light-heavyweight boxing champion of the world.

In June 1940, Churchill sent him to New York. Officially, he was to establish an organization to protect British shipping and counter the activities of German spies.

In fact, his assignment had a much wider scope. Churchill called him Intrepid. The name was apt for the quiet man who resolutely took on Hitler and the Nazis.

From an office in New York's Rockefeller Center, he operated a vast, covert intelligence operation.

By the summer of 1940 most of Europe already had fallen to the Germans. The United States showed no sign of entering the war and Britain seemed to stand alone.

Sir William had to counter American neutrality and gain U.S. support for the war. He was to pass on scientific secrets to the United States, train agents to work in Europe, break enemy codes and police North American ports.

His office, he acknowledged 30 years later, was "the hub of all branches of British intelligence."

He stayed out of the public eye until the 1987 scandal over "Spycatcher," a book written by a former intelligence agent, Peter Wright, that the British government sought to suppress.

He said he believed the late Sir Roger Hollis, who had been head of Britain's MI5 intelligence, was a Soviet double agent, a key assertion of "Spycatcher."

Other deaths: Elaine de Kooning, 70, the artist and teacher, Wednesday of lung cancer in Southampton, New York. Her works are in the collections of the Museum of Modern Art and the Guggenheim Museum in New York.



Sir William Stephenson

York and are featured in other institutions throughout the country.

Grace Hayes, 93, Las Vegas and Hollywood nightclub hostess of the 1940s and 1950s, Wednesday. Forty years ago, she operated Las Vegas' most popular nightclub, The Red Rooster.

Drug Use Is Linked to U.S. Air Crash

By John H. Cushman Jr.

New York Times Service

WASHINGTON — The National Transportation Safety Board has ruled for the first time that illegal drug use had contributed to the crash of an American commercial airliner.

The case, involving the crash of a commuter airplane in Colorado in January 1988, has taken on added significance since the Transportation Department announced rules in November calling for random

drug testing of millions of transportation workers, including pilots. The rules have been challenged in court by groups representing transportation workers. The Airline Pilots Association, among those opposing the rule, has previously noted that drug use by a pilot had never been linked to a commercial air accident.

At a hearing on Wednesday, the safety board heard long and often ambiguous testimony from its staff before concluding that the performance of the pilot, S.S. Silver, had

been diminished in flight because he had been using cocaine earlier. Traces of cocaine were found in the dead pilot's blood and urine, and investigators learned that he probably used the drug the night before the crash.

Staff experts called it unlikely that he was under the influence of the drug during the flight. They said, however, that it was likely he was fatigued after a night of drug abuse and that in the aftermath of the drug abuse his concentration might have been hampered.

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Congressional Pay: A Cut in the Raise?

The Associated Press

WASHINGTON — House Speaker Jim Wright, moving to limit political damage from a proposed 50 percent congressional pay raise, said Thursday that the House would vote next week on cutting the increase to 30 percent.

Mr. Wright, a Texas Democrat, said that the House would also vote on banning members from receiving speaking fees and other honoraria. Because members currently can retain up to 30 percent of salary in honoraria, those receiving the maximum would receive no actual raise.

The Senate had planned to vote Thursday or Friday, and was virtually certain to turn down the 50 percent raise, which would boost most congressional salaries from \$89,500 to \$135,000. A 30 percent raise would hike the current congressional salary to \$116,350.

Mr. Wright has tried to convince his colleagues for weeks to reduce the raise to 30 percent, but he said earlier that members of Congress were telling him privately that they wanted 50 percent without a vote.

The raise for members of Congress, U.S. judges and top executive branch officials becomes law unless

both houses of Congress vote to stop it.

A Democratic leadership aide, who spoke on condition of anonymity, said that Mr. Wright planned for the vote to take place after the raise becomes law next Wednesday.

"The House will vote next week to ban all honorariums and to cut the pay raise to 30 percent instead of 50 percent," Mr. Wright said.

He said there was "always a chance" that his proposal would be defeated. But he said he was encouraged by answers given by 326 House members to a survey he conducted this week on the pay raise.

Meanwhile, House and Senate negotiators moved ahead Wednesday with separate but similar proposals to bar speaking fees and restrict other outside income should the raise become law.

Both packages would ban honoraria, including fees for speeches, appearances and articles, upon enactment of the raise.

Leaders in both houses have made clear that honoraria would continue if the pay raise is defeated because members do not want to suffer a loss of income.

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JAPAN: Talks on Trade

(Continued from Page 1)

past had contributed to a reduction of the U.S. trade deficit with Japan.

Currency adjustments have also encouraged increased Japanese investment in the United States, he said.

Mr. Baker basically welcomed foreign investments in the United States because they created employment, the officials said.

But the two nations should manage foreign investments carefully because Japanese investment in the United States had generated some concerns among the public and might help push up U.S. interest rates, Mr. Baker said.

Mr. Uno expressed regret over a remark last week by the U.S. defense secretary-designate, John G. Tower, who said that Japan should share a larger portion of spending on common defense. Mr. Tower made the remark at his Senate confirmation hearings.

Japanese officials said that Tokyo would increase military spending by 3.9 percent in the next budget and that the Japanese Constitution did not permit much more military spending.

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Herald Tribune

Published With The New York Times and The Washington Post

A Cold War Retrospective

No final answers emerged from the recent Moscow conference of American and Soviet participants in the 1962 Cuban missile crisis. Yet ten, five or even three years ago, who would have thought such an encounter possible? The meeting bodes well for Mikhail Gorbachev's call to remove embarrassing blanks from Soviet history.

In the same closed room were gathered several of President John Kennedy's senior advisers: the former Soviet foreign minister, Andrei Gromyko; Cuban officials, and Sergei Khrushchev, son of the deposed leader whose very name had vanished from Soviet political discourse.

Everyone agreed, then as before, that the world came perilously close to a nuclear war when Mr. Kennedy imposed a blockade to force Moscow to remove missiles secretly deployed in Cuba. But the meeting did not clear up what really impelled Nikita Khrushchev to deploy those missiles, or whether Fidel Castro in fact urged Moscow to start a nuclear war by attacking U.S. cities.

More interesting than the details of the rehearsal of a climactic moment was the rehearsal itself — an event that prompts a larger question: Why shouldn't there

be more such meetings of people from all sides who played a role at turning points in the Cold War?

Consider, Yalta: Did Soviet diplomats like Mr. Gromyko truly believe the West had abandoned Eastern Europe to Soviet domination? And did Western diplomats truly nourish imperialist visions of encircling and subverting the Soviet Union? Why not a firsthand response, in an open session, from George Kennan, whose cables from the U.S. Embassy in Moscow in the 1940s articulated the very axioms of the Cold War?

Other crises ring with retrospective possibilities: the 1956 Hungarian revolt, the 1968 invasion of Czechoslovakia, the Vietnam War. Selective memory and state secrecy may limit how far participants can discuss, even in tranquillity, the motives that drove leaders to resort to force. But the encounters themselves have human value, and could provide insight into abiding puzzles.

Is the Cold War rooted in a collision of ideology or interests? How accurate were assessments of the other side's intentions in conflicts past? There are questions enough to fill a thousand Moscow nights.

— THE NEW YORK TIMES

How Many Americans?

The very idea of a drop in national numbers always sets off alarms. In their book "The Fear of Population Decline," Michael S. Teitelbaum and Jay M. Winter recall a 1979 essay, "How a Nation Dies," written by a French foreign minister, not less, for a collection luridly titled "Withered France." In 1982 Alexander Solzhenitsyn mourned that the Russian people "has moved into a phase of biological degeneracy" and before long would "almost vanish from the face of the earth."

Now listen to the alarm voiced over the newest projections from the U.S. Census Bureau. These suggest that the U.S. population will grow from the present 246 million to 302 million in 50 years and then trail off to 292 million by the year 2080. That is a very slight decline. Still, it is the first ever projected and prompts fears of economic decline, diminished vitality and "great turbulence."

The alarms are dramatic but implausible. To the extent that 50-year projections have meaning, the news from Census is good; it augurs a calm and stable era for America.

What is the right number of Americans? There is no sensible numerical answer. When George Washington became president there were 3.9 million. When Franklin Roosevelt became president there were about 125 million, a figure that has since doubled. And the land could support many more. There are 64 Americans per square mile; compare that with 2,100 in the typical suburb — and with the 65,000 people per square mile in Manhattan. The useful population question is not how big, up or down. It is how fast, up or down.

S&Ls and the Senators

The U.S. Congress is unquestionably going to have to provide public money, and provide it quickly, to pay for the savings and loan disaster. What about the reforms to ensure that this epidemic of failure and fraud will not be repeated?

When the Senate Banking Committee opened its hearings this week, a difference of opinion emerged. Some senators want to link the cleanup money and the reforms tightly. Without the urgent need for money driving the legislation, they suspect, little reform will get enacted. But some senators want to split the two and handle them separately.

The hundreds of insolvent thrift institutions continue to run losses of about \$1 billion a month. The regulators need money to close them, pay depositors and stop the losses. If the money gets tangled up in complicated reform legislation, the argument goes, it won't be passed before fall. By then the cost of the cleanup, already approaching \$100 billion, would be \$10 billion higher.

This argument comes mainly from the friends of the S&L industry, which is well aware that reform may lead to the abolition

of a separate S&L industry altogether. The committee's new chairman, Senator Donald Riegle, opened the hearings by asking, among other things, whether there is any longer a need for it. The answer to that one is no; it is time to fold the surviving S&Ls into the banking system and require them to live under the same rules as banks.

The S&Ls are using their own failures as a weapon in their defense. The effects of their mismanagement, compounded by inept regulation over the years, is costing the country so much, they shudder, that Congress cannot stop to think about causes and remedies. It is just going to have to shovel out the money fast and think about reforms later.

That would be exactly the wrong way to go. Congress needs to move promptly on reform, and Senator Riegle promises that the committee will take up no other legislation until this bill is reported. In view of the enormous sums of public money involved, it would be irresponsible to provide a nickel without first imposing fundamental changes on the system that permitted this fiasco.

— THE WASHINGTON POST

TV and the North Trial

Congress took a considered risk in the summer of 1987 when it forced Oliver North to testify about his role in the Iran-contra affair. The investigating committees could not compel his testimony without a promise that it would not be used against him at any subsequent criminal trial.

The danger was that despite the promise, Mr. North's incriminating, televised testimony would be so widely disseminated that a jury unaware of it could not be empaneled. It was a risk worth taking; but it is not one worth enlarging, which television news did this week. No one questions the networks' right to disseminate the testimony; but their decision to do so, even as the jury is being selected, invites serious question about their judgment.

There was a need for the public to get as much information as possible about the Reagan administration's policy blunders, the arms-for-hostages dealings with Iran and the diversion of proceeds to the contra forces in Nicaragua. The hope was, and remains, that a fair trial could still be held on evidence gathered independently of the hearings.

— THE NEW YORK TIMES

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France.
Tel: (1) 46 37 53 00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630094.

Director of its publication: Walter N. Thayer

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S.A. on capital of 1,200,000 F. RCS Nanterre B73204126. Commission Paritaire No. 47377
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Poland: An Uncertain Path, but the Only One

By William Pfaff

WARSAW — It was a momentous change of course for the Polish government to enter negotiations with Lech Walesa and Solidarity. The move was meant to preserve the power of the ruling Communist Party by disarming its opposition, but it consciously incorporates the risk that by offering power to the opposition, the Communists could end up having conceded it to them.

After a long and frank conversation with the government's official spokesman, Jerzy Urban, an even longer — and rather more philosophical — off-the-record talk with a member of the Central Committee who is one of those behind the opening to Solidarity, and informal contact in the last few days with several other members or supporters of the government, I am left with an overwhelming sense of their uncertainty about the course they now are on, but also of their conviction that the alternatives have been used up.

What has been agreed, so far, is merely that Solidarity and the government will talk — talk about legalizing Solidarity and about a program for political and economic reforms. The talks begin Monday. Neither side has a solid mandate for what it is doing. I will write about the opposition's problems in a second article. Here I want to suggest what the government thinks it will get from this, and why it is divided.

Many in the party simply see in this a defeat at the hands of Solidarity — possibly the beginning of the end of Communism. General Wojciech Jaruzelski got his way only by threatening to resign. His opposition inside the party included an element in the security services, long close to the Soviet services, which is outside effective control by the Polish authorities. It was responsible for the 1984 murder

of a priest who was Solidarity's chaplain, and it is suspected of the murder last month of another activist priest, Father Stefan Niedziak.

The government is opposed by the official Communist trade unions, which not only are being pushed aside, but which recognize that the coming talks are meant to win Solidarity's support for unpopular economic austerity measures. Jerzy Urban speaks of the unions as part of the "left-wing" opposition the government faces.

One official I spoke with said it now is necessary to reconsider what was done from 1945 to 1949, when Poland's postwar coalition was destroyed by the Communists, who murdered, jailed or forced into exile the leaders of the non-Communist parties, incorporating the parties themselves into a monolithic National Front. It seemed a rather considerable admission.

The government, Mr. Urban says, intends constitutional reform, the creation of "higher" forms of political structure — "a euphemism," he added, "covering return of the non-Communist political parties." He can envisage a coalition of forces in which the Communist Party might hold only a minority in parliament. Mr. Urban concedes that control would still rest with the Communists, because he expects the balance to be held by minor parties — the United Peasants and the Socialists — political shells left from pre-Communist days.

Another official observed that when the representatives of these parties found that they actually were casting the deciding vote in a newly elected parlia-

ment, it might go to their heads. Mr. Urban spoke, a trifle prematurely, if not disingenuously, of a possible "Tory and Labor" relationship between Communists and opposition in a new parliament.

There is, of course, another word for all this, one part of the Communist political vocabulary for many years: co-optation. If Solidarity or other elements in the opposition agree to take part in new elections and enter Poland's parliament, they thereby will concede legitimacy to the existing political system. They become responsible actors in government, even when they vote against it.

The Communist authorities would like nothing better than to co-opt Solidarity, or the mainstream of Solidarity, so as to disarm it. Bringing Lech Walesa and other leaders of Solidarity into the political process that produces an economic austerity program would greatly help the government carry such a program out.

Yet it is simply that? Polish leaders can see the economic and social devastation about them in the country today. They know that history is pitiless, and that they will themselves one day be named in history for what they do. The current leadership is too intelligent to believe that socialism can work for them now. They know, as Mikhail Gorbachev knows, that they are close to disaster.

The leaders of the opposition are also too intelligent to give the government what it wants without getting from it something that makes the transaction valuable. They see the motives behind the government's new willingness to deal with them. They are, however, in a difficult position themselves. That will be discussed in a second article.

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Is Quayle Another Spiro T.?

By Edwin M. Yoder Jr.

WASHINGTON — Here's a bit of free advice for the new vice president of the United States: Dan Quayle should hire a new speechwriter — or at least buy a book or two on recent Russian history for the one he has now.

Mr. Quayle recently addressed the National Religious Broadcasters, one of those groups that, despite its pious name, seems to prefer something a bit hotter than the Sermon on the Mount. (It was before another such body that President Reagan delivered his famous pronouncement that the Soviet Union is an "evil empire.")

Mr. Quayle's theme was "the hatred of God" in the Soviet Union, a phenomenon which, he said, explained the failure of the Soviet revolution. He quoted Lenin ("every idea of God is unutterable vile-ness") and went on to say that Lenin's "gospel" is still actively pursued in the Soviet Union.

And what is wrong with saying this? A lot. It is true that Lenin's hatred of religion, like his scorn for other gentle and valuable things, has affected the history of the Soviet Union, if only because it inspired the regime's effort to eliminate religious sentiment among the Russian people. But that campaign failed spectacularly; and the precise effect of it is something which, like the mysterious persecutions of Job, is easier to explain from a God's-eye view of human affairs.

But in view of the tenacity of Russian religious "hatred of God" is obviously not widely

shared; it explains very little about the failure of the Soviet Union as a modern society. In fact, it explains far less than a host of perfectly obvious secular causes.

Besides the long continuation of oppressive and autocratic rule by a single party, one might mention: the folly of collective agriculture, the lack of wage and market incentives, the stratification of society into a dull mass ruled by a privileged elite, the suppression of variety in the arts, literature and learning, the perversion of certain branches of science, judicial murder and other barbarities (under Stalin) and the treatment of history and journalism as branches of propaganda.

But whatever one's view, Mr. Quayle chose an odd time to poke and probe at the well-known sensitivity of the Soviet leaders. They need more to distance themselves, as Mr. Gorbachev has been doing, from the most barbarous practices

of the past, including the persecution of religion in general and of religious sects in particular. The last thing America needs is to ruffle the commissars' feathers to the point of making them rally defensively around discredited banners.

But from Mr. Quayle's viewpoint, the danger would be considerable even if the speech had been better. The danger, in a nutshell, is Agnewization. The first telltale symptom of its onset in a vice president is the making of flashy, pretentious speeches about complex matters. Long before his exposure as a bubble-taking felon, Vice President Spiro T. Agnew had earned the reputation of a hotshot orator, very big on the mashed-potato circuit.

Mr. Agnew had made a great splash in the headlines as a speaker on the shortcomings of the press and other subjects, railing off amusing phrases like "muttering nabobs of negativism." The initial ef-

fect was to make him a celebrity. The ultimate effect was to reinforce the impression of charlatanism and to shrink Mr. Agnew quickly to the status of a talkative buffoon.

Dan Quayle's credentials as an expert on the complicated history of the Russian revolution are, to put it politely, less firmly established than his authority on the history of golf. He should resist the temptation to be transformed into the administration's rhetorical point man.

There is almost a law of vice presidential survival here. The vice president who resists the allure of the rhetorical high life (Walter Mondale, George Bush) comes out better in the end than the vice president who consents to be used as a mouthpiece for speechwriters.

Quayle, if he aspires to stature and success, will say no thanks to the invitation to become the Bush administration's junior toastmaster.

Washington Post Writers Group.



Luncheon with Mr. Quayle and Mr. Bush (Let's listen in).

In Cambodia's War of the Villages, a Turning Tide

By James Pringle

CHHUM KIRI, Cambodia — They were called Ta Mok (old man) and Ye Bo (old lady). Even now people who live near the Abandoned Mountains, which loom above this village, seem to shudder inwardly when they utter the names. Ye Bo, one of the two Khmer Rouge leaders in this part of Kampong Province, in southern Cambodia, killed not only the "new people" from the cities.

If defied, she would murder her own Khmer Rouge cadres.

"Ye Bo would shoot them herself, or just issue to them with a knife," said Tnh Doueng, 47, who survived the Khmer Rouge reign of terror to become a local official of the present government in Phnom Penh, known as the People's Republic of Kampuchea, or PRK.

Nobody here knows what happened to Ye Bo. But Ta Mok is still the Khmer Rouge commander in charge of the century warfront in Cambodia, operating from his base near Orno in northeastern Thailand. He is a lieutenant to Pol Pot, the notorious Khmer Rouge leader.

Some time ago, Ta Mok stepped on a mine and lost a leg. But he received an artificial limb courtesy of the of-

fice of the United Nations High Commissioner for Refugees. Like other Khmer Rouge leaders, he was able to recover in a camp for displaced Cambodians at Mairud in Thailand in 1979. This was after Vietnamese invaders had ousted the Pol Pot regime and installed the PRK.

Ta Mok and Ye Bo are remembered here for having driven more than 20,000 people into the mountains so that they could be used by the Khmer Rouge as porters and form a future recruiting base. The old people and the children could not traverse the steep paths, so they were abandoned; hence the name of the mountain range. They died, as did others later — 8,000 in all — of starvation and sickness.

The Khmer Rouge are still in the Abandoned Mountains. But they are now headed by a white-haired cadre named Chem. People here say he is as cruel as his predecessors. At night, Chem leads his men down into the hamlets around Chhum Kiri to murder local officials, intimidate civilians and find food. But unlike in former times, PRK militiamen from the vil-

lages now go up into the mountains in search of Chem and his guerrillas. There are bloody encounters, with deaths on both sides.

Soviet and Vietnamese diplomats in Phnom Penh say that it is in villages like Chhum Kiri that the fate of Cambodia will be decided, and that there is nothing Hanot's army, which is now withdrawing, can do to help.

Having just spent almost a month traveling inside Cambodia, on my fourth visit in a year, I am convinced that the Khmer Rouge cannot fight their way back to power as soon as the Vietnamese complete their withdrawal. Pol Pot, 63, the overall commander of the Khmer Rouge from his base in Thailand, has shown a great capacity for self-delusion. And PRK officials say the Khmer Rouge guerrillas in the field send back falsely optimistic progress reports.

Moul Soukha, 28, a militiaman in Baeng Mlak, a village just beneath the Rolling Elephant Mountains, not far from Chhum Kiri, occasionally crosses lines on his field radio with the nearby Khmer Rouge. On one such occasion last year, they told him: "We will attack you, but, if you are not Vietnamese, we won't harm you." Moul Soukha replied: "We are not Vietnamese but we will fight you to the end of our lives."

The guerrillas did attack Baeng Mlak in December. But the PRK militiamen held their ground. They killed the commander of the attacking unit and pursued the rest of the band up into the mountains.

On my fourth visit to Baeng Mlak recently, I found the villagers confident they could handle anything the Khmer Rouge could dish out. This is a new attitude in Cambodia.

In vast stretches of the countryside, local militiamen report no contact with the Khmer Rouge for years. Along the border, the PRK regular army, with Vietnamese help, has fought the Khmer Rouge in three major battles in recent months. In the war of the villages, the PRK militia seem to be more than holding their own.

Yet the Khmer Rouge can still inflict substantial damage on Cambodia. So a negotiated settlement between all rival factions is the best route to a peaceful future. Such a settlement would involve Prince Norodom Sihanouk, Cambodia's elder statesman, sharing the reins of power with Hun Sen, the young and ener-

getic prime minister of the PRK. The Khmer Rouge should also participate in this arrangement, reflecting the 5 percent support they can muster in the remote countryside.

There is an element of the authoritarian state about the PRK that makes it unattractive to those who espouse Western democratic values. But under the PRK's "land to the tiller" program, most collective farms disappear and peasants will work their own land, with the right to pass it on to their descendants. This gives ordinary people in the countryside something to fight for. And economic liberalization, spurring trade and commerce in the towns, gives urban dwellers something to defend.

There has been a sea change in Cambodia in recent months as the PRK reacts pragmatically toward negotiations for a settlement. The Cambodians have learned a painful lesson. They will never again, as they did in 1975, lay down their guns for the Khmer Rouge.

The writer, who covered Vietnam and Cambodia for three years for Reuters during the Vietnam War, was recently in Cambodia on assignment for Time magazine. He contributed this to the International Herald Tribune.

100, 75 AND 50 YEARS AGO

1889: The London Herald

LONDON — The New York Herald was printed simultaneously in three of the great capitals of the world this morning [Feb. 2]. The success of the London Edition is beyond the most sanguine predictions. At first, it was proposed to print only a four page daily, like the Paris Herald, but the instant demand for advertising space in the London Herald made it necessary to increase the size to eight pages. Even with this enlargement, several columns were crowded out of the first issue. The first edition was sold out before breakfast. Two perfecting presses, run by adequate steam power, turn out a well printed newspaper. The London Edition is the only newspaper in Great Britain published every day in the week.

1914: Anarchy in Haiti

NEW YORK — The Herald's Cap Haitien correspondent cables: "The armies of rival insurgent leaders are en-

Solzhenitsyn Remains a Litmus Test

By Alexander MacLeod

LONDON — The Polish literary weekly Zycie Literackie plans to serialize Alexander Solzhenitsyn's novel "The First Circle." Warsaw Radio has announced that the book will be shown by the authorities in the lead serves only to underline the shortcomings of the open "information society." Mikhail Gorbachev is trying to create in the Soviet Union a system that the exploits of the

syntheser Lolita and her aging lover Humbert Humbert, chronicled by Vladimir Nabokov, may at last be published in Moscow. George Orwell's "Animal Farm," which Stalin personally banned, and Arthur Koestler's "Darkness at Noon," another devastating critique of communist dictatorship, are both now available to Soviet readers. But the works of the exiled Solzhenitsyn? Not.

On the eve of Mr. Solzhenitsyn's 70th birthday, which he celebrated shortly before Christmas at his estate in Vermont, the Politburo's chief ideologist, Vadim Medvedev, said that publication of such works as "The First Circle," "Cancer Ward" and "The Gulag Archipelago" would "undermine the foundations on which today's life rests."

The hostility with which the Nobel prize winner is still viewed in the Kremlin may seem odd. It is now fashionable in Russia to denigrate Stalin, and Mr. Solzhenitsyn attacked the dictator and his works with comprehensive rigour. It has even been possible for a group of Western journalists to travel to the Gulag and see for themselves what remains of the prison camps Mr. Solzhenitsyn described.

When Mr. Medvedev was placed in charge of ideology in September, it seemed possible that the authorities might finally allow Mr. Solzhenitsyn's works to be published — it was an ultimate litmus test of glasnost. In August, the literary magazine Novy Mir, which in 1962 had arranged the publication in Russia of Mr. Solzhenitsyn's novella, "One Day in the Life of Ivan Denisovich," raised the possibility of printing "Cancer Ward" and "The First Circle."

But last October, when Novy Mir decided to publish this intention in its own pages, more than one million copies were pulped on Kremlin orders. A month later, with glasnost-minded intellectuals calling for Mr. Solzhenitsyn to be rehabilitated and perhaps even invited home, Mr. Medvedev put his foot down.

His key charge is that Mr. Solzhenitsyn's works "radically contradict our ideas about Vladimir Ilyich Lenin," the man who led the revolution and whom the current Kremlin leadership insists on regarding as a saint.

It is bad enough that in "Lenin in Zurich," Mr. Solzhenitsyn depicts the exiled Bolshevik leader as a friendless, scheming bigot. What is worse, in Mr. Medvedev's eyes, is that Mr. Solzhenitsyn says in "The Gulag Archipelago" that it was Lenin, not Stalin, who laid the groundwork for the system of forced peasant camps, which Stalin later "perfected." This traitor Lenin, on whose wisdom Mr. Gorbachev rests much of his case for glasnost and perestroika, with a Stalinist twist.

If Mr. Gorbachev's admonitions to stare unblinkingly at historical facts in the eye were genuine, it ought to be possible to publish these criticisms of Lenin. Instead, the Solzhenitsyn case illustrates the limits Mr. Gorbachev feels he must impose on openness. It is one thing to authorize the posthumous rehabilitation of Grigori Zinoviev, one of Lenin's closest associates who later fell victim to Stalin. But Solzhenitsyn is something else.

Asked in November to describe the impact of glasnost on his work, the Soviet press censor, Vladimir Badikov, wrote much the same, directorate is still very much in business, was disarmingly frank: "Information that reveals a state secret or that could be detrimental to our country's interests is forbidden," he said. "As for the rest, the formula is: Whatever is not forbidden is allowed."

So, if the Kremlin sees nothing wrong with chronicling the hideous life of Humbert Humbert, the presses can roll. And if the Poles want to publish a Solzhenitsyn book about forced labor under Stalin, nothing can be done to prevent them. But if any Soviet publisher wants to dabble in the works of Russia's greatest living novelist, nothing doing. He has cast aspersions on the founder of Bolshevism, and he and his works must remain in the outer darkness.

The writer is a contributing editor for the British Broadcasting Corp. in London. He wrote this for the International Herald Tribune.

gaged in heavy fighting at Gonaves. General Desormes is said to have taken refuge in one of the Consulates. General Zamor has the support of the United States military element. The Republic is entirely without a Government."

1939: "Finnegans Wake"

PARIS — The title of the book James Joyce has been working on since the publication of his "Ulysses," in 1922, was disclosed to be "Finnegans Wake" last night [Feb. 2], when the first copy of it was handed around during a birthday party given in his honor at the home of his son and daughter-in-law. This is the revolutionary opus of which many sections have been published separately under the provisional title of "Work in Progress." The book's title had been a jealously-guarded secret known only to the author's most intimate friends. Table decorations at the party were based on the theme of the book, a cosmogonic fantasy set in Dublin and along the River Liffey.

OPINION

The Case of the Defector
Put the Lie to the Detector

By William Safire

WASHINGTON — From 1977 through 1987, from the time of Stanislaw Tuma through the heyday of William Casey, the CIA was super-secretly proud of its network of Cuban agents in Havana and in Fidel Castro's embassies around the world.

Here was the much-needed "human" or human intelligence, from agents in the field, secretly working for the United States. American spymasters were delighted with the sources not only because they were cost-effective (\$10,000 a year on average) but because they were considered rock-solid reliable.

Why? Agency polygraph operators had given their seal of approval to the key agents. Fidel Castro's officials, working for the United States, were "flattered" and had been certified as truth-tellers. Accordingly, their reports, especially when they had been specifically

U.S. security was undermined by crackbrained reliance on the infallibility of a machine that measures sweat.

cally "tasked" by CIA control officers, were given great weight in evaluations of Cuban, Nicaraguan and Soviet strength.

Then along came Major Florentino Azpilaga, who had been chief of intelligence in the Cuban Embassy in Prague. He defected to the United States, and established his bona fides with a shocker: an accurate list of the names of many of the spies, supposedly working for America, who were actually Castro double agents.

For more than a decade the United States had been duped by disinformation, much of it selected by the KGB, fed to the CIA by Cubans loyal to Mr. Castro who had earned America's trust by passing the famed polygraph tests.

Small wonder that the assessment of General Manuel Antonio Noriega of Panama and the low estimate of the percentage of Soviet GNP devoted to arms were so egregiously wrong. America's national security was undermined by a crackbrained reliance on the infallibility of a machine that measures sweat.

In the Reagan administration, George Shultz was the man who reluctantly raised the use of the "lie detector." He threatened to resign if forced to submit to the engine of mistrust, and privately cited the Azpilaga defection as proof of its danger to security. The secretary of state included these words in his farewell: "Management through fear and intimidation is not the way to promote honesty and protect security."

His last act in Foggy Bottom, dated

Jan. 19, was to issue what he thought was a policy to safeguard individual rights in the use of the polygraph at State. He intended to limit its use to criminal investigations, and to prevent its use in the screening of employees. But he was misled or ill served by his own bureaucracy.

Background: the polygraph virus, begun at CIA and incubated at the Pentagon by Caspar Weinberger, spread to the House Foreign Affairs Committee, where a law was born directing the State Department to polygraph the Diplomatic Security Service. That covered 1,700 guards and anti-terrorist operatives who often work intimately with the CIA. But the Partisan shot of Jan. 19 extended that threat to all 18,000 State Department employees, plus 17,081 people who work for contractors and 15,153 Foreign Service nationals.

Here is paragraph 2 (b), which repeats the rights of Americans who apply for top-secret (which is medium-level, not even "sensitive") clearance: "The use of the polygraph may be authorized... when credible derogatory information developed in connection with a personal security investigation... causes substantial doubt whether access... is clearly consistent with the interests of national security."

That is using the polygraph to screen — precisely what George Shultz said he was against, and what private employers have just been rightly prevented from doing. That has nothing to do with a criminal investigation.

If you are being considered for a diplomatic mission, and any personal enemy says about you "he's a pinko" or "she's a Fascist," you can expect to come under intense pressure to take a polygraph test or else. Never mind how high-minded lawyers today interpret "credible derogatory information"; anybody who knows how bureaucracies work realizes that the floodgates are now open at State.

Automatic mistrust of the individual is now institutionalized in the U.S. government. This means that people of principle (like George Shultz) who will not submit to the sweat merchants cannot serve their country. It also means that double agents like those on Major Azpilaga's list, who regularly fool the polygraphers, will continue to be given great credibility at CIA.

"This extreme interpretation was not the intent of Congress," says Representative Mervyn Dymally, Democrat of California. "There will be oversight." Better yet — correct the Shultz mistake.

The New York Times.

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The Pits

LETTERS TO THE EDITOR

Well Off and Still Whining

Regarding "Something's Gone Terribly Wrong With Being Rich" (Opinion, Jan. 7) by Paul S. Hewitt:

The opinion column might have been more appropriately titled "What's Wrong With American Attitudes in the Reagan Era." A homeowner in his mid-30s with a combined family income of \$115,000 whining about his financial situation is disgraceful.

Mr. Hewitt writes of senior citizens and veterans "who have obtained subsidies at my expense" — as though neither group had earned those subsidies. He threatens prominently to "gravitate to the Republican Party" because of his "compassion" for the middle class and its understanding of what the author identifies as generational inequality. He might as well be saying that there are too many old people.

Such absence of civic responsibility is chilling. Although he denies it, Mr. Hewitt is, by American standards, rich. By world standards, he is Croesus. But by any standards of social conscience and simple heart, this person is wallowing in direct poverty.

JOHN STRAND, Paris.

The writer evidently swells with rage because his father's Social Security tax in 1958 was about \$500 on an income of about \$6,000, while he and his wife now pay around \$12,000 on an income of around \$115,000. Assuming his figures are accurate, his father's tax rate was a fraction above 8 percent while his current rate is a fraction above 10 percent.

Considering all that has happened since 1958, this seems a remarkably modest increase. Would paying at his father's

1958 rate while retaining his 1989 income satisfy him? I doubt it, since even then he would be paying close to \$10,000. What is not to provide anything that might benefit someone other than himself and fellow occupants of his age and income bracket.

HOWARD MORGAN, Alicante, Spain.

Racial Bias in Beijing

As a foreign student learning Chinese at the Beijing Language Institute, I would like to amplify on the situation described by Nicholas D. Kristof in his report "Students in Beijing Join Protest" (Jan. 4). The entire foreign student community in Beijing, not just Africans, is subject to racism.

The article regarding color consciousness in China is equally applicable to the other countries of Asia. As a native of India, I find it unfortunate that multinational colleges in local Indian newspapers reflect a demand for brides of a certain color. The complexion of a prospective bride is denoted by several words depicting a wide hierarchy of fairness, and it is a common practice to advertise the skin color as being of the next "higher" denomination.

In South Korea, I was told that the visits of some Japanese tourists were motivated by the former complexion of Korean women. And, in a particularly deplorable trend, "whites only" bars are springing up in tourist centers such as Bangkok and Pattaya, Thailand.

No one can help the Third World regain self-respect if its people remain bound to the shackles of inferiority based solely on the color of the skin.

M. K. AGARWAL, Paris.

There's Little to Celebrate,
But That Won't Stop Brazil

By John Foy

RIO DE JANEIRO — They stood around for an hour Christmas Eve in the muddy parking lot. They were waiting for the priest, who was to celebrate midnight Mass at the chapel of Brelja, a town in the mountains northwest of Rio.

The priest never showed up. So the group of about 60 people, in true Brazilian style, improvised. They sang along

beach. At least 53 people drowned.

The accident caused outrage in Brazil because of what was said to be flagrant negligence of navy and harbor officials, because many of the victims were members of Brazilian high society — they included an actress, Yara Amaral, and the wife of a former planning minister — and because boats nearby had refused assistance as they sped past to see the fireworks display.

Survivors said that the boat was allowed to sail after two navy officers were paid a bribe equivalent to \$120. The navy minister, Admiral Henrique Saboia, refused responsibility and rejected a police inquiry, saying that only a navy tribunal could establish blame.

Fernando de Amorim Barros, 54, an engineer and land owner from Rio, thought the tragedy was typical of his country's ills.

"The accident reflects the Brazilian situation right now," he said. "Everyone wants to take advantage and bend the rules. There were several groups responsible and now they are trying to cover up for each other. It's the same old story of corruption and wanting to squeeze out as much profit as possible. The press has blown it up only because important Brazilians have died."

On Jan. 1, the government increased gasoline, diesel and alcohol fuel prices by 24.5 percent. Two days later, it raised the price of coffee by 75.6 percent and canned tomato sauce by 82 percent.

Then President Sarney announced that new austerity measures would be imposed. After yet another set of price hikes, Brazilians awoke Jan. 15 to an indefinite price cap and wage freeze and a 17 percent devaluation of the cruzeiro. The nation's press, mixing playfulness with exasperation, dubbed Mr. Sarney's measures the "Summer Plan."

The finance minister, Mailson Ferreira da Nobrega, called the plan the harshest economic corrective ever applied at one time.

"Brazilians are very passive," said Mr. Barros. "With 2,000 percent inflation per year, there'd be a revolution in any other country. But in Brazil, people just keep making provisions, trying to buy more in the supermarket before the next price hike."

He added: "Brazilians always think their situation can get no worse, that they can't get any lower. Then the situation gets worse."

The situation will be worse for 60,000 people to be cut from the public payroll under the Summer Plan. Four government ministries and 42 state-subsidized companies are to be eliminated.

Meanwhile, many Brazilians have their minds set on the Carnival, four famous days of commotion and frenzy. As always, there will be music, dancing and collective punishment.

If there is little to celebrate in Brazil right now, there is, at least, plenty to forgo.

International Herald Tribune.

GENERAL NEWS

Palestinian Amused
By Israelis' PraiseBy Joel Brinkley
New York Times Service

JERUSALEM — If some in the Israeli government see Faisal Husseini, a Palestinian nationalist, as a bright new hope, he says they had better think again.

In fact, Mr. Husseini is angry. He feels used.

"I don't like it," he said Wednesday. "It's not good for me."

From the moment Sunday when Mr. Husseini was let out of prison, where he had spent 18 of the past 21 months, accused of organizing a strike on behalf of the Palestine Liberation Organization, Israeli government leaders have promoted him as a legitimate local Palestinian leader, someone they could talk to in place of Yasser Arafat, the PLO chairman.

Mr. Husseini, 49, ran the Arab Studies Society, a Palestinian nationalist research organization in East Jerusalem, until the Israelis closed the offices last summer and put him in prison.

Mr. Husseini is also the best-known PLO figure in the occupied territories. And after calling him a leading promoter of terrorism when they put him in jail, the authorities are now trying to rehabilitate him in the public eye.

They are presenting him as a leading moderate, just what the United States called him when it objected to his imprisonment last summer.

At the time of his arrest, Police Minister Haim Bar-Lev called him "one of the leading coordinators of the uprising" in the West Bank and Gaza Strip.

But on Tuesday, Defense Minister Yitzhak Rabin, who authorized Mr. Husseini's release, asserted that, in reality, Mr. Husseini was not a violent man.

He was arrested because "his activities were likely to lead to violence," Mr. Rabin said, "not necessarily because he was directly connected to violent activities."

Mr. Husseini says he has been following with amusement the reports in the Israeli press saying he will now be allowed freedom of movement, here and abroad, with little if any scrutiny from the Israeli authorities.

"I say he is not sure he wants to test the Israelis' benevolence, though when he was released, he said, 'they said I was free and could go wherever I liked.'"

Newspaper editorials have been a chorus of agreement with Mr.

Rabin's plan to create an alternative to Mr. Arafat.

Releasing and promoting Mr. Husseini "constitutes a signal that flashes with great clarity in the right direction," the daily Yedioth Aharonoth said.

But Mr. Husseini says the Israelis are just fooling themselves.

"It's a desperate attempt to create an alternative to the PLO in the occupied territories," he said. "It will just delay the peace process."

If the Israelis want peace negotiations, he said, "they must talk to the PLO." He added, "They will."

And rather than help Israel create a local leadership to replace the PLO, Mr. Husseini says, his mission now is to tell as many Israelis as he can that the only way they will find peace is to invite Mr. Arafat and other PLO leaders to talks.

Toward that end he is accepting meetings, interviews and speaking engagements by the dozen.

PLO Is Said to Form Army in Israel
Secret Force Reportedly Helped Organize the UprisingBy David B. Ottaway
Washington Post Service

WASHINGTON — Yasser Arafat's faction of the Palestine Liberation Organization has largely ended its cross-border attacks on Israel from Lebanon but has created an underground "Popular Army" inside Israel and the Israeli-occupied territories to carry out terrorist activities, according to an Israeli source.

The source said Mr. Arafat's Fatah faction had set up the clandestine "army" in early January, making use of elements from the banned Palestinian Shabiba, or youth movement. The movement has been involved in organizing the uprising on the West Bank and in the Gaza Strip, the source said.

The underground army has been involved in assassinations of Palestinians accused of collaborating with Israeli authorities or who refuse to follow orders from the uprising's leaders, the source said Wednesday, adding that the group had attacked some Israelis as well.

It also was involved in setting explosives and making gasoline bombs, the source said. U.S. officials said they had "heard the name" of the group, but



Faisal Husseini, after his recent release from jail.

knew "nothing substantial" about it.

But the Israeli source said the number of terrorist incidents of this kind, as distinct from the stone throwing and fire bombing by Palestinian youths, had increased in the past month to six weeks.

The group is "organized, directed, led and financed" by Fatah, he charged, adding, "We know for sure it's an extension of Fatah-Arafat."

However, U.S. officials said they could not confirm there had been an increase of terrorist activities.

The Israeli source, who insisted on anonymity, said Israeli intelligence believes Mr. Arafat, the PLO chairman, set up the underground force to get around the ban on terrorism imposed upon the PLO as a condition for its dialogue with the United States.

Mr. Arafat formally renounced terrorism in a Dec. 14 statement, which led to a U.S. decision to open direct talks with the PLO. But the issue of whether the PLO is still involved in terrorism has become a heated one. Many Israeli government officials and pro-Israeli U.S. groups have charged that Fatah has not changed its methods.

In mid-January, The New York Times reported that the Israeli Army chief of staff, Lieutenant General Dan Shomron, had told a Knesset committee that Fatah had not planned or carried out any guerrilla acts since November.

The Israeli source, seeking to clarify General Shomron's comments, said Wednesday this was true of Fatah cross-border activities but not of its internal ones.

He said the Popular Army was established Jan. 6 but had existed under another name, the Assault Groups, before that date and had grown out of Shabiba, known to be close to Fatah.

13 Die in Bangladesh
In Train Derailment

DHAKA, Bangladesh (AP) —

Three cars of a train derailed Thursday in southern Bangladesh, killing 13 persons and injuring about 70, a railroad official said.

The train derailed near Kumira, 25 kilometers (15 miles) north of Chittagong. It was bound for Dhaka, 220 kilometers northeast of Chittagong. The cause of the derailment was not known.

Prisoner Says Paris
Made Hostage DealBy Edward Cody
Washington Post Service

PARIS — From the obscurity of his jail cell, Anis Naccache returned to haunt France and Iran on Thursday with an assertion that his release was promised as part of a murky deal last spring that freed the French hostages in Lebanon.

Mr. Naccache, a Lebanese sentenced to life imprisonment for trying to kill a former Iranian prime minister, Shahpour Bakhtiar, called on the Iranian government to force France to abide by what he said was an unfulfilled pledge to pardon him.

The promise, he asserted, was among several made when Iran helped France win freedom for the last three French captives — Marcel Carton and Marcel Fontaine, both diplomats, and Jean-Paul Kaufmann, a journalist.

Mr. Naccache's plea for help, in a letter made public by his lawyer, came at a distinctly inopportune time for Paris and Tehran, recalling a past both would like to forget just as Foreign Minister Roland Dumas prepares to seal their renewed relations with a visit to Iran on Sunday and Monday. Neither the Foreign Ministry nor the presidential palace had any comment.

When Mr. Carton, Mr. Fontaine and Mr. Kaufmann returned home on May 5, several reports said Mr. Naccache's pardon was part of the secret bargain negotiated by Charles Pasqua, who was then the interior minister.

But when he took over two weeks later, Prime Minister Michel Rocard said that Mr. Pasqua had left no record of the deal and that the new government would carry out only the obligations it was aware of — renewed diplomatic and commercial ties.

Mr. Pasqua said immediately after the hostages' release that a promise to free Mr. Naccache had not been made part of the bargain "on our part or on our initiative."

That was interpreted at the time as a reference to President Francois Mitterrand's guarded public pledge in 1984 to consider freeing Mr. Naccache if all French hostages were released at once and if he was asked to do so in writing by the prime minister.

As things turned out, the French hostages held at that time were released in several groups. The prime minister then, Jacques Chirac, was replaced by Mr. Rocard as a result of elections three days after the final three hostages were freed.

Mr. Naccache was convicted in 1982 of leading a five-man team that tried to assassinate Mr. Bakhtiar, the shah of Iran's final prime minister, outside his home in the Paris suburb of Neuilly in 1980. He and three of his team were sentenced to life in prison by French courts, and a fifth team member received a 20-year sentence.

A woman and a French policeman were killed and three policemen were wounded during the shooting, but Mr. Bakhtiar escaped unhurt. He still resides in the Paris area.

Mr. Naccache reportedly acted on orders from the Iranian government, which had taken power only a year earlier and was seeking revenge against the shah, his family and his followers. The speaker of the Iranian parliament, Hashemi Rafsanjani, referred to Mr. Naccache then as a soldier of Islam and lamented the fact he was in a French prison.

Since then, however, Iran and France have renewed diplomatic relations, and Tehran is seeking to end its isolation among Western countries now that the eight-year war with Iraq is over. As part of its shift in policy, the Iranian government has sought to play down earlier attempts to export the Islamic revolution in which zealots like Mr. Naccache were enlisted.

Afghan Guerrillas
Get U.S. Training
On Mine Clearing

The Associated Press

WASHINGTON — The United States, at the request of the United Nations, has dispatched a small team of military experts to Pakistan to instruct Afghan guerrillas and refugees in clearing land mines, officials said.

The U.S. team, consisting of about 30 trainers and support staff, will work with Afghan rebels and refugees in camps on the Pakistani side of the border, the officials said.

Lieutenant Colonel Keith Schneider, a spokesman, said that the U.S. team would remain in Pakistan for about six months in support of a UN command structure.

According to the Defense Department, the Soviets have scattered an estimated 10 to 30 million land mines across Afghanistan during the past nine years of fighting.

ASIAN
TOPICSAsia Is Ushering In
Year of the Snake

Asia ushers in the Year of the Snake on Monday. Lunar years in the Chinese zodiac come in cycles of 12, each with different characteristics and a different animal as its symbol. The Snake takes over from the financially auspicious Dragon, and people born under the snake's influence can be expected to be cautious, persevering and wise.

But astrologers warn that beneath the Snake's composed exterior lurks inner turbulence and a readiness to strike — a complex package with mixed signals for fortune-tellers looking to almanacs, divining sticks and even the moon to predict the year ahead. Reuters reports from Hong Kong.

The Year of the Snake is not auspicious for marriage and babies. Population-planners in Beijing are expected to have a respite after last year's rush to give birth in the Year of the Dragon, a symbol of power and wealth to the Chinese.

Officials in Singapore, worried that the Year of the Snake could foil a government campaign urging couples to have more children, have moved to dispel superstition by publicizing the names of famous people born under the sign of the snake.

Around Asia

The Philippines may soon find itself importing fish because destructive fishing methods, including the use of cyanide, have damaged nearly three-quarters of the country's coral reefs, Agriculture Secretary Carlos Dominguez said Thursday. The Philippines, with 7,100 islands and a coastline longer than that of the United States, has traditionally been self-sufficient in seafood, and exports some of its output.

The gap between blue and white collar incomes in China is growing. Beijing's Economic Daily says. Blue-collar workers earned an average 1,572 yuan (\$422) last year, 97 yuan more than white collar workers. The newspaper said blue collar wages are linked to productivity, while those of civil servants, doctors and teachers are not.

An elephant donated by Prime Minister Rajiv Gandhi of India is to take over the task of

carrying Buddha's tooth at the annual pagoda in the Sri Lankan city of Kandy. Indira, named after Mr. Gandhi's mother, Indira Gandhi, is 13 years old and weighs 4,884 pounds (2,200 kilograms). He is to succeed Raja, who served for half a century before dying last year at the age of 82.

Malaysia plans to send a delegation to the United States to try to ease concerns over palm oil, a major export. Evidence that such saturated oils as palm oil and coconut oil increase blood cholesterol, which causes heart disease, has prompted campaigns against using such fats in processed foods. Malaysian officials say their own research shows that palm oil is no more harmful than other vegetable oils. They say U.S. imports rose to 147,000 tons in January-October 1988, down from 157,000 tons a year earlier. Malaysia's annual production last year reached a record 5.03 million tons. Officials said that not challenging the anti-palm oil campaign in the United States could affect larger markets, such as India.

Trekkers Accused Of Spoiling Tribes

Thousands of foreign trekkers are scouring northern Thailand for unspoiled tribal people, Denis D. Gray of The Associated Press reports from Chiang Mai. Critics say this is turning the region into "a human zoo."

Villagers are selling their colorful costumes and jewelry or exchanging them for jeans and other Western goods.

"Their traditional hospitality has been corrupted," said David Morse, an American missionary. "Before they would offer food and lodging to strangers. Now they no longer accept people for who they are. They have become hardened, less open."

The government tourist authority says visits to tribal lands has grown from a handful of hikers in the 1970s to more than 100,000 last year.

"Paduang hill tribes now available," reads a typical advertisement, but some who sign up are in for a disappointment. After a long walk through deforested hills, trekkers may well come upon a village where the natives watch television, drive Japanese pick-up trucks and wear jeans purchased from previous visitors.

Arthur Higbee

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See
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the eve
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NYSE Most Actives				
Vol.	High	Low	Last	Chg.
IBM	110.00	109.00	109.00	-1.00
AT&T	48.00	47.00	47.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	-1.00

Market Sales	
NYSE adv. vol.	180,000
NYSE adv. vol. close	180,000
NYSE adv. vol. open	180,000
NYSE adv. vol. close	180,000
NYSE adv. vol. open	180,000
NYSE adv. vol. close	180,000
NYSE adv. vol. open	180,000
NYSE adv. vol. close	180,000
NYSE adv. vol. open	180,000
NYSE adv. vol. close	180,000

NYSE Index				
High	Low	Open	Close	Chg.
110.00	109.00	109.00	109.00	-1.00
48.00	47.00	47.00	47.00	-1.00
110.00	109.00	109.00	109.00	-1.00
110.00	109.00	109.00	109.00	-1.00
110.00	109.00	109.00	109.00	-1.00
110.00	109.00	109.00	109.00	-1.00
110.00	109.00	109.00	109.00	-1.00
110.00	109.00	109.00	109.00	-1.00
110.00	109.00	109.00	109.00	-1.00

Thursdays
NYSE
Closing
Via The Associated Press

AMEX Diary	
Class	Prev.
100.00	99.00
200.00	199.00
300.00	299.00
400.00	399.00
500.00	499.00
600.00	599.00
700.00	699.00
800.00	799.00
900.00	899.00
1000.00	999.00

NASDAQ Index				
Class	Chg.	Prev.	Week	Month
100.00	+1.00	99.00	+1.00	+1.00
200.00	+2.00	199.00	+2.00	+2.00
300.00	+3.00	299.00	+3.00	+3.00
400.00	+4.00	399.00	+4.00	+4.00
500.00	+5.00	499.00	+5.00	+5.00
600.00	+6.00	599.00	+6.00	+6.00
700.00	+7.00	699.00	+7.00	+7.00
800.00	+8.00	799.00	+8.00	+8.00
900.00	+9.00	899.00	+9.00	+9.00
1000.00	+10.00	999.00	+10.00	+10.00

AMEX Most Actives				
Vol.	High	Low	Last	Chg.
100.00	99.00	98.00	98.00	-1.00
200.00	199.00	198.00	198.00	-1.00
300.00	299.00	298.00	298.00	-1.00
400.00	399.00	398.00	398.00	-1.00
500.00	499.00	498.00	498.00	-1.00
600.00	599.00	598.00	598.00	-1.00
700.00	699.00	698.00	698.00	-1.00
800.00	799.00	798.00	798.00	-1.00
900.00	899.00	898.00	898.00	-1.00
1000.00	999.00	998.00	998.00	-1.00

Dow Jones Bond Averages		
Class	Chg.	Prev.
100.00	+1.00	99.00
200.00	+2.00	199.00
300.00	+3.00	299.00
400.00	+4.00	399.00
500.00	+5.00	499.00
600.00	+6.00	599.00
700.00	+7.00	699.00
800.00	+8.00	799.00
900.00	+9.00	899.00
1000.00	+10.00	999.00

NYSE Diary	
Class	Prev.
100.00	99.00
200.00	199.00
300.00	299.00
400.00	399.00
500.00	499.00
600.00	599.00
700.00	699.00
800.00	799.00
900.00	899.00
1000.00	999.00

Odd-Lot Trading in N.Y.				
Buy	Sell	Buy	Sell	Buy
100.00	99.00	100.00	99.00	100.00
200.00	199.00	200.00	199.00	200.00
300.00	299.00	300.00	299.00	300.00
400.00	399.00	400.00	399.00	400.00
500.00	499.00	500.00	499.00	500.00
600.00	599.00	600.00	599.00	600.00
700.00	699.00	700.00	699.00	700.00
800.00	799.00	800.00	799.00	800.00
900.00	899.00	900.00	899.00	900.00
1000.00	999.00	1000.00	999.00	1000.00

Dow Jones Averages				
Open	High	Low	Last	Chg.
100.00	99.00	98.00	98.00	-1.00
200.00	199.00	198.00	198.00	-1.00
300.00	299.00	298.00	298.00	-1.00
400.00	399.00	398.00	398.00	-1.00
500.00	499.00	498.00	498.00	-1.00
600.00	599.00	598.00	598.00	-1.00
700.00	699.00	698.00	698.00	-1.00
800.00	799.00	798.00	798.00	-1.00
900.00	899.00	898.00	898.00	-1.00
1000.00	999.00	998.00	998.00	-1.00

Standard & Poor's Index				
High	Low	Open	Close	Chg.
100.00	99.00	99.00	99.00	-1.00
200.00	199.00	199.00	199.00	-1.00
300.00	299.00	299.00	299.00	-1.00
400.00	399.00	399.00	399.00	-1.00
500.00	499.00	499.00	499.00	-1.00
600.00	599.00	599.00	599.00	-1.00
700.00	699.00	699.00	699.00	-1.00
800.00	799.00	799.00	799.00	-1.00
900.00	899.00	899.00	899.00	-1.00
1000.00	999.00	999.00	999.00	-1.00

NASDAQ Diary	
Class	Prev.
100.00	99.00
200.00	199.00
300.00	299.00
400.00	399.00
500.00	499.00
600.00	599.00
700.00	699.00
800.00	799.00
900.00	899.00
1000.00	999.00

AMEX Stock Index				
High	Low	Open	Close	Chg.
100.00	99.00	99.00	99.00	-1.00
200.00	199.00	199.00	199.00	-1.00
300.00	299.00	299.00	299.00	-1.00
400.00	399.00	399.00	399.00	-1.00
500.00	499.00	499.00	499.00	-1.00
600.00	599.00	599.00	599.00	-1.00
700.00	699.00	699.00	699.00	-1.00
800.00	799.00	799.00	799.00	-1.00
900.00	899.00	899.00	899.00	-1.00
1000.00	999.00	999.00	999.00	-1.00

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Mixed in Active Trading

United Press International
NEW YORK — Prices were mixed at the close of the New York Stock Exchange Thursday in active trading, pressured by profit taking as investors became cautious before the release Friday of January employment figures.
The Dow Jones industrial average, which had fallen 4.11 points Wednesday, declined 4.46, to close at 2,333.75.
Broader market indicators also tumbled. The New York Stock Exchange index fell 0.12 to close at 166.35. Standard & Poor's 500-stock index eased 0.25 to 296.84. The price of an average share dropped 3 cents.
Advances led declines, however, by a 7-6 margin, and the key indicators for the American Stock Exchange and the over-the-counter market were higher.
Volume fell to 183.43 million shares from 215.64 million traded on Wednesday.
Analysts said the market suffered from profit taking, as it did earlier this week, yet buying interest among institutions remained strong.
"The market's upside bias is still very much intact," said Eugene Peroni Jr., chief market analyst at Janney Montgomery Scott Inc. in Philadelphia. "What we're seeing is a normal Phillips of recent excesses."
Stocks traded in seesaw fashion, opening slightly higher, moving broadly lower around midmorning and then gradually recovering through 2 P.M. In late afternoon trading, however, blue chips weakened amid profit taking while many secondary issues held onto their gains through the close.
The market "is impressive," said Larry Wachtel, market analyst at Prudential-Bache Securities Inc. "Each day we go down, and before you know it we're up again."
Mr. Wachtel said price dips over the last few days have given institutions with large cash reserves an affordable opportunity to jump into the market, especially those that have not taken part in the recent rally.
But Mr. Wachtel said investors were concerned about a meeting among representatives of the Group of Seven major industrial nations Thursday night, which could influence the direction of the dollar, and a report due Friday on January employment figures, which were expected to be strong.
Pan Am was the most active NYSE issue, up 1/4 to 3 1/2.
RJR Nabisco followed, off 1/4 to 97 3/4. Varsity was third, up 1/4 to 3 1/4.
AT&T eased 1/4 to 32. IBM ex-dividend fell 1/4 to 128 1/2.
Among other blue chips, American Express fell 1/4 to 30 3/4, General Motors fell 1/4 to 90 1/4, McDonald's fell 1/4 to 52 1/4, Procter & Gamble fell 1/4 to 91 1/4 and General Electric fell 1/4 to 48 1/4.
Prices closed higher in active trading of American Stock Exchange issues.
The American Stock Exchange index rose 1.28 to 324.52, its highest close since the October 1987 stock market collapse. The price of an average share added 5 cents. Advances led declines by a small margin. Volume fell to 17.37 million shares from 12.82 million traded on Wednesday.
Wang Labs class B led the Amex issues, up 1/4 to 10 1/4.
The National Association of Securities Dealers composite index rose 1.93 to close at 495.16.

... (Continued from Page 1) ...

Stock	High	Low	Open	Close	Chg.
IBM	110.00	109.00	109.00	109.00	-1.00
AT&T	48.00	47.00	47.00	47.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00

Stock	High	Low	Open	Close	Chg.
IBM	110.00	109.00	109.00	109.00	-1.00
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Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00

Stock	High	Low	Open	Close	Chg.
IBM	110.00	109.00	109.00	109.00	-1.00
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Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00

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Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00
Amgen	110.00	109.00	109.00	109.00	-1.00

(Continued on Page 10)

سكنا من لاجل

WEEKEND

International Herald Tribune

150 Years Ago,
The World Saw
Its Own ImageDaguerre Invention
Slowly Recorded the
Victorian Age

by Barry James

THE art of photography effectively began 150 years ago with the announcement that a French artist called Louis-Jacques-Mandé Daguerre had succeeded in producing a stable image using nothing but "the spontaneous action of light."

The daguerrotype, forerunner of the modern photograph, was the fruit of cooperation between Daguerre and an amateur inventor named Joseph-Nicéphore Niepce, who was the first to capture a "heliographic" image using a combination of sunlight and chemical fixatives.

Daguerre improved on Niepce's invention to devise the process that became the supreme recorder of images in the Victorian age.

Mustachioed paterfamilias and proud matrons sat grimly with whitened faces, holding their breaths for up to 40 seconds while the daguerrotype's lens captured their portraits for posterity.

Within months of the announcement of the invention, travelers were bringing back to Paris images of monuments in Greece, Egypt and elsewhere, which were published in two volumes of "Excursions daguerriennes" between 1841 and 1843.

The production of daguerrotypes quickly became a flourishing industry in the United States, where traveling "daguerrian artists" set up primitive photography studios in horse-drawn wagons. Within five years of the publication of the daguerrotype process, Mathew B. Brady, the most famous of the 19th century American photographers, began his "Gallery of Illustrious Americans" using pictures taken by himself and other photographers.

Before turning to photography, Daguerre was a professional scene-painter and co-owner in Paris of a diorama, an auditorium where the public could view giant illusionist paintings of historical scenes and famous places.

To produce the paintings, Daguerre started by tracing images captured by a camera obscura, a box with a lens that reproduced scenes upside down and reversed on a ground glass screen. When he learned of Niepce's experiments in heliography and the camera obscura, he proposed a partnership, which ran from



Daguerrotypes quickly stimulated demand for group portraits.

1829 until Niepce's death in 1833, then continued with Niepce's son, Abel.

CREDIT for the first permanent photographically reproduced image belongs to Niepce, who in 1826 succeeded in making a crude heliograph of a barnyard using a kind of asphalt called bitumen of Judea, and oil of lavender. That picture is now in the Gensheim collection at the University of Texas.

Earlier experiments in recording images photographically had been carried out by Thomas Wedgwood and William Henry Fox Talbot, whose "photogenic drawing" process, rushed into publication as soon as Fox Talbot heard of Daguerre's invention, marked the beginning of the photographic negative

from which an unlimited number of copies could be made.

Niepce wandered into photography through his interest in lithography, a process by which pictures were reproduced from an image drawn by hand on a specially prepared stone. Building on Niepce's researches, Daguerre succeeded in 1837 in producing a picture of his studio on a copper plate covered with a solution of silver.

A daguerrotype was produced by exposing a silver-plated plate to iodine fumes to produce light-sensitive silver iodide. After exposure, the plate was bathed in fumes of mercury, which reacted with the silver and produced the image. The picture was then permanently fixed in a solution known as hyposulphite of soda.

In 1839, Daguerre and Niepce's son ceded the rights of the process to the French government in exchange for lifetime annuities, and the government then made the process available free to the rest of the world. Daguerre outlined the process in a booklet called, "An Historical and Descriptive Account of the Various Processes of the Daguerrotype and the Diorama," which became an instant best seller and was translated into several languages before the end of 1839. In August, the physicist François Arago described the process to a joint session of the academies of science and fine arts.

That same year, Fox Talbot explained his process

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- ☐ Wanted: Male Dancers
- ☐ O'Neill in French
- ☐ Arts Guide

CRITICS' CHOICE

LONDON

Britain's Last Romantics

■ The period of British art from the late Pre-Raphaelite painter Edward Burne-Jones (1833-1898) to Stanley Spencer (1898-1959) is examined in "The Last Romantics," which opens Feb. 9 at the Barbican Centre. On view are more than 350 examples of the painting, sculpture, drawing and print work of the so-called "last children of Romanticism," among them Walter Crane, John William Waterhouse, Charles Ricketts, Augustus John, Charles Rennie Mackintosh and Margaret MacDonald. The exhibition, which runs until April 9, draws its title from a passage in Yeats:

*We were the last romantics — chose for theme,
Traditional sanctity and loveliness.*

LENINGRAD

Morandi Centennial

■ Organized in anticipation of the centennial of the artist's birth, the touring retrospective of the Italian painter Giorgio Morandi (1890-1964), which opened in Tampere, Finland, can be seen in Leningrad at the Hermitage Museum until Feb. 19 before going on to the Pushkin Museum in Moscow, then to London (Accademia Italiana, April 15-May 21), Locarno (June 10-Aug. 31), and Tübingen, West Germany (Sept. 23 to Nov. 26). The show, organized by the Galleria d'Arte Moderna in Bologna, has gathered 132 works — oil paintings, watercolors and engravings and will be seen in Bologna in May 1990.

PARIS

A Twyla Tharp Premiere

■ Twyla Tharp will introduce a world premiere and present one of her New York successes at the Paris Opéra later this month, in a season also marked by Russian works. From Feb. 18 to March 8, the Paris Opéra Ballet will present "Rules of the Game," a new work for 12 dancers set to J.S. Bach's Partita in G. The season will also feature Tharp's 1973 "As Time Goes By," based on Haydn's "Farewell" Symphony. For the Russian part of the program, director Rudolf Nureyev has chosen Leonid Massine's "Les presages" (Tchaikovsky's Fifth Symphony, presented in Monte Carlo in 1933) and George Balanchine's ballet choreographed to Stravinsky's "Agon" (New York, 1957).

WASHINGTON

Cézanne's Early Years, Plus

■ The paintings of Cézanne's early years, already seen in London and Paris, are now on display in Washington. "Cézanne: The Early Years 1859-1872" consists of 70 paintings and drawings. Starting with four decorative panels of the seasons done when Cézanne was 21 and frankly labeled as such, the show demonstrates how his early derivative works foreshadow his familiar mature style. The National Gallery of Art has complemented the early works with an installation of his later paintings. The show runs through April 30.

The 'Stealing'
Of Modern Art

by Michael Gibson

PARIS — Until recently, all the art history books appeared to agree: In the early 1930s, Paris was evicted from its position as center of the art world by New York simply because American painting was better.

Standard books of American art history mostly craved the same sense of positive accomplishment and present the unfolding of events as a triumphal progress. In 1983, however, the University of Chicago Press brought out a book by Serge Guilbaut which, under the provocative title "How New York Stole the Idea of Modern Art," presents an entirely different and even iconoclastic view of the matter.

The book is indeed provocative, but its arguments are abundantly documented and couched in scholarly form. Its conclusions: The worldwide success of the Abstract Expressionist movement during the early 1950s was, among other things, a product of political circumstance. The author argues that economic and political developments in the 1930s and 1940s had led American artists to reconsider their role and to devise a new art form. American policy makers ultimately enlisted the product as a tool of national prestige toward the end of the Cold War.

Critics of the book, like Irving Sandler, author of "The Triumph of American Painting" dismiss it as no more than a

Continued on page 9

Art historian Serge Guilbaut



Jean-Marc LeClerc



Flying Colors for New
'Come With the Wind'

Page 8

MIDEM: A Gigantic Gig for the Music Industry

by Mike Zwerin

CANNES — It has been said that a visit to MIDEM will dash any illusions about music being a creative art. A conversation between four European record label managers in the Hotel Majestic bar on opening eve of the 23rd annual Marché International du Disque de l'Édition Musicale, de l'Équipement et de la Vidéo Musicale, introduced a more complex experience.

They were poking fun at the myopic multinationals that turned down "Sultans of Swing" by Dire Straits which, when released by another company, became one of the biggest hits of the decade.

Label Manager No. 1, sheepish: "Actually, I was one of the people who passed on that record. It was a very bad experience for me. My assistant and I agreed that it was extraordinarily good music but we didn't think it would sell. We were sure they wouldn't go for it upstairs. It taught me an

important lesson. You have to fight for what you believe in." With his hangdog expression and sloped shoulders, he did not appear to have much fight left.

Label Manager No. 2, defensive: "The image of a music industry run by complete morons and vicious bloodsuckers is not really what this business is about."

Label Manager No. 3, caustic: "Sultans of Swing" made it by mistake. It was an accident. The record business is a chain of accidents. Quality acts like Dire Straits are turned down every day. The problem begins way back within the company itself and the bigger the company the bigger the problem and that's for sure."

Label Manager No. 4, resigned: "My company is so crazy they'd rather have a No. 2 in Kabul than some really great unknown band in Bavaria."

A record company threw a cocktail party for its international distributor network ("MIDEM saves me a trip around the world") in one of the 900 sales stands on the exhibition floor of the Palais des Congrès. Nearby, in front of the "Big Ear

Music" stand, two men exchanged business cards.

"Are you buying or selling?"

"Both."

Last year set records for the music industry and attendance records were

Now the policy is as
much profit as possible
as soon as possible.
Instant hits.

broken at MIDEM '89 — 8,000 inscriptions representing people from 2,000 organizations, mostly corporations, from 58 countries, and 600 representatives of the (mostly trade) press.

Senior-executive moderated panels discussed such subjects as "Getting the Music to the Market." Hand-wringing Occidental manufacturers speculated about the implications of CDE (erasable

compact discs) in the Martinez bar. Distributors jawboned producers and publishers eyeballed slinky singers on the Majestic terrace. The stand of the Soviet state record company "Melodija" was always jam-packed. The general director Valery Vasilyevich Sukhorado handed out calling cards with "Merited Worker of Culture" printed on them. Most delegates were watching the Super Bowl the night that Mory Kane and the Gipsy Kings performed for a thin house in the Hotel Martinez ballroom. The chairman introduced a publisher on his panel to the audience: "Bill's middle name is 'Promotion.' He is currently involved in selling 'Yasser Arafat's Greatest Hits' in Tel Aviv."

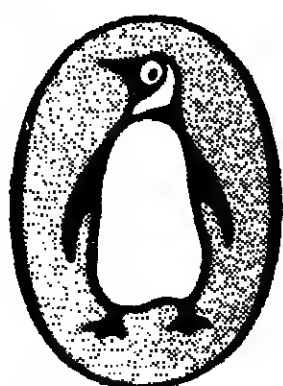
Meanwhile, gravel-voiced men in mohair suits and white-on-white neckties negotiated morose and vicious leveraged buyouts over champagne and cocaine in smoke-filled penthouses strewn with hookers and Deutsche marks.

No! It's a joke. That's not what this industry is about. But like the garbage removal industry, justified or not, a small

cloud of suspicion hovers. Remember the horse's head on the bed in "The Godfather." The Mob has always been interested in the music business. From countless let-it-all-hang-out rock biographies we now know that industry personnel helped procure drugs for certain stars of yesteryear. Payola scandals keep cropping up. And Morris Levy, owner of Roulette Records, the 80-store retail record chain Strawberies, and Big Ten Publishing, has been convicted of three counts of extortion. "There is no connection between the Mob and the music business," he told an interviewer on NBC's Today Show — "I'm not a crook!" He is currently involved in selling "Yasser Arafat's Greatest Hits" in Tel Aviv.

Most of the important companies are now owned by multinationals. Most others might just as well be. Lawyers, cost account-

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WHAT MAKES
PENGUIN BOOKS, W. H. SMITH AND AIR FRANCE
APPEAR TOGETHER IN THE IHT?

Find out by visiting the W. H. Smith's stand at Expolangues (the 7th Salon des Langues at Porte de Versailles, Paris) or their bookshop on 248, Rue de Rivoli, Paris-1^{er}, and win one week for two in Hollywood.

WEEKEND



Scarlett and Rhett had grown green and blue, a result of unstable film stocks and bad duplications.

Today Is Another Day for 'Wind'

by Max Alexander

NEW YORK — In 1939, it was the most technically sophisticated color film ever made, but by 1987 "Gone With the Wind" looked more like "Confederates From Mars."

Scarlett and Rhett had grown green and blue, a result of unstable film stocks and generations of badly duplicated prints. Hair styles and costumes, once marvels of special sublimity, looked as though captured in Crayola, not Technicolor.

Not anymore. Turner Broadcasting System, owner of the film, spent two years and \$250,000 restoring David O. Selznick's four-hour classic, in time for the film's 50th anniversary this year. The new color-corrected print, struck from the original negatives, had its premiere this week on the 34-foot-high (10-meter-high) screen at Radio City Music Hall.

When the house lights dimmed and the theater's 4,500-seat projectors whirled into action, Scarlett O'Hara again raised her fist against a sky the color of her name and exhaled, "As God is my witness, I'll never be hungry again!"

The refurbished film is booked into 41 American cities — often at prestige revival houses like the Castro in San Francisco — and the home video release of the restored version of the print is slated for August.

But the music hall show, co-sponsored by the Museum of Modern Art, was the kickoff. The screening was introduced by one of the few surviving cast members — Butterfly McQueen, who played Prissy, the sobbing maid.

For the restoration of "Gone With the Wind," Richard May, director of film ser-

vices at Turner, returned to the original — and highly flammable — nitrate negatives, stored specially at Eastman House in Rochester, New York.

While many film historians cringe at Turner's practice of "colorizing" black-and-white films for television, the archival work on "Gone With the Wind" was entirely different, according to Mary Lea Bandy, direc-

tor of the film department at the Museum of Modern Art.

In colorization, she says, tints are applied to one-inch video masters. By contrast, the goal with "Gone With the Wind" was to create a new negative on modern safety film from the fragile original — a complicated job because the original negative of "Gone With the Wind" was actually three.

Modern color photography combines the yellow, cyan and magenta dyes necessary for color reproduction on a single negative, but the massive Technicolor cameras of 1939 ran three 35-millimeter negatives at once; a prism behind the lens refracted the image onto the separate strips, whose colors were later combined in a laboratory dye-transfer process to make a full-color print.

The result, according to Bandy, was "perfection — the most beautiful color in the world." But the Technicolor laboratory

closed in 1974, and subsequent prints were inferior and unstable.

The cable-TV network TBS initially planned only to restore the original title sequence, in which the words "Gone With the Wind" sweep across the screen. (Later the network used a simpler block title.) Seeing the quality of the restored title "made us hungry for the rest of it," says May. "We decided to go with the whole picture."

"If the novel has a theme, the theme is this: survival," said the late Margaret Mitchell about "Gone With the Wind," her 1,000-page best seller of 1936.

But the making of the 1939 movie was itself a story of survival, as epic and ironic as Mitchell's detail of the Civil-War South and its heroine, Scarlett. Selznick, O'Hara, the picture took three years, three directors, a million feet of film and \$4.25 million to produce, nearly bankrupting the Selznick studio. The difficulties ranged from the grand — lack of a workable screenplay — to the embarrassing: Clark Gable couldn't dance.

Nonetheless, "Selznick's Folly," as the film was quickly dubbed in Hollywood, won eight Academy Awards, and Selznick took the Irving Thalberg Award as 1939's outstanding producer.

It has grossed more than \$2 billion in today's money, according to "The Making of a Legend," a recent documentary about the film on the new Turner cable movie channel, TNT.

Turner acquired the picture in 1986 when it bought the M-G-M film library; it secured broadcast rights from CBS the following year and plans to televise the film only on cable.

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MIDEM

Continued from page 7

tants and business school graduates have replaced the free-wheelers of Levy's generation who, whatever else might be said of them, respected and cultivated creative talent. John Hammond, who "discovered" Bruce Springsteen, was of that generation and it is questionable that B-n-u-n-u-o-e would be allowed the time to become The Boss nowadays. Now the policy is as much profit as possible as soon as possible. Instant hits. This quarter. Avoid long-term investments. This quarter. Promising young rock acts, and successful classical music and jazz move less product at the beginning but continue selling for years.

So you expect the worst before going to MIDEM. Expecting the worst has the advantage of leaving no place to go but up. It was an agreeable surprise to discover a considerable minority of important industry figures who still care for music and fight the good fight for it. Billboard Magazine's international editorial director, Mike Hennessey, writing a biography of Kenny Clarke for love. Nesuhi Ertegün, president of the International Federation of Phonographic Industries (IFPI), recording Milt Jackson for his

small East-West label. Joe Boyd of Hannibal Records and Mario Pacheco of Nuevos Medios collaborating to record a fusion of the adventurous flamenco group Ketama with Malian kora player Toumani Diabete and British jazz-rock bassist Danny Thompson. Fantasy Record's Bill Belmont, gleeful about Country Joe McDonald recording with the Grateful Dead's Jerry Garcia.

JEAN-PIERRE Grosz was handing out demo cassettes of the vocal duet by Dee Dee Bridgewater and Ray Charles he financed and produced. "Everybody's totally paranoid here," he said as the sun set over the Majestic terrace. "The product they are selling or buying is air. How much is air worth? Companies come here with a budget. If they buy too fast they have nothing left. If they are too cautious, they are left with an unmet budget."

"I can sell to one of the multinationals who will service and police markets like, say, Brazil. On the other hand, I'll only get paid once a year. Inflation is something like 900 percent a year in Brazil. I know somebody who made a record that sold a million copies in Brazil. Even though he was the composer, performer and publisher, he only came away with \$2,000. A Venezuelan distributor made me an offer. I checked him out and discovered

that he owns a record pressing plant. So he can declare 10,000 copies and actually it's 100,000 and who knows the difference? Would you like to go there and look at his books?"

Jean Karakos of Celluloid Records passed by, battered but unbowed. Karakos was the first to document free jazz in quantity in the late '60s. Celluloid was first to market rap music. Herbie Hancock's "Rockit" was on Celluloid; he introduced Touré Kunda to the United States. Karakos moves fast and recklessly and leaves a lot of bodies in his wake, including his own. If not for his charm, innate honesty and genuine love for music, he would have even more enemies. "Remember," Karakos said to Grosz: "I'm interested in your record."

"I have a lot of offers," Grosz replied. "I'm not surprised," Karakos said. "But eventually you are going to have to get paid. You'll have trouble getting money from those people. When that happens, call me. Of course you'll have trouble getting paid by me too but I'm much more fun than they are."

When Karakos left, Grosz handed me a Walkman and earphones. I pressed the button — Ray Charles. Suddenly flooded with joy, I realized I had talked about music for nine hours today. I had almost forgotten how wonderful it can be to listen to.

Birth of Photography

Continued from page 7

for creating a photographic negative out of sensitized paper to be used to make a print.

Royal Society in London. But his method gave a more diffused image than the crystal clear reproductive power of the daguerotype, and was less widely used in the early years of photography.

The processes devised by Daguerre and Fox Talbot form the basis of modern photography, which relies on light, a silver solution and chemical developers and fixatives to process negatives and prints. According to Jean-Pierre Bousquet, director of the photographic service of Agence France-Presse, it will be several years before an electronic process that records a still image on tiny video discs will be capable of giving the definition and clarity of a good conventional photograph.

Bousquet said it is a paradox that, despite the development of motion pictures and television, "it is still the photograph that signifi-

cantly fixes an event in people's minds."

However cumbersome the primitive daguerotype cameras and traveling darkrooms seem in comparison with today's automatic pocket cameras and ultra-sensitive films, they freed photographers from the studio and started the process of opening the eyes of the world to the world. After the daguerotype, the next big step was the development of a roll-film camera by George Eastman, which made photography accessible to a mass market.

Using the latest techniques developed from those primitive processes, photographers from Agence France-Presse can now send their pictures directly from the negatives rather than from prints via compact transmitters. The images are stored in a computer, can be edited for framing and contrast on a television monitor screen, and are

transmitted to media clients around the world in digital form.

No matter how sophisticated the technology, however, "it is the image that counts," and the photographer's eye that remains the key element in the whole process, Bousquet said.

Daguerre and Niepce are being celebrated in a series of exhibitions in their native country, including a yearlong showing of photographic prints in Niepce's birthplace at Chalons-sur-Saône.

In Paris, four exhibitions are scheduled to open in October. The Bibliothèque Nationale will show prints illustrating the history of photography from 1839 to 1918 between October and January, 1990. The National Archives will stage an exhibition about the work of Daguerre, Niepce, Fox Talbot and other pioneers. The Centre Pompidou plans an exhibition on photography in the 20th century. And the

Carnevet museum of the city of Paris will show an exhibition of daguerotypes.

On April 4, the National Museum of Photography at Bradford in England will open a new wing to house a vast archive of images and photographic equipment donated by Kodak. The event will be accompanied by the publication of "The Story of Popular Photography: The Kodak Museum," written by Colin Ford, the first keeper of the Bradford Museum.

In addition, the museum will hold a four-day symposium starting April 3 to mark the anniversary of the public announcement of the daguerotype process. A spokesman said the symposium will end with a ceremony at which six of the world's most outstanding photographers — whose names have not yet been announced — will receive honorary degrees from the University of Bradford.

MAY 17 AND 18, 1989, MOSCOW

The SOVIET UNION in the 1990's

A MAJOR CONFERENCE COSPONSORED BY THE INTERNATIONAL HERALD TRIBUNE AND THE ECONOMICHESKAYA GAZETA

The International Herald Tribune and the Ekonomicheskaya Gazeta, the leading Soviet Economic weekly, are cosponsoring a two day conference "The Soviet Union in the 1990's: Global Opportunities for Economic Cooperation," designed to provide a unique insight into the economic outlook for the Soviet Union over the next decade. An outstanding group of political, financial and business leaders, and academics, from the Soviet Union and the West will address the meeting.

A program of cultural events for delegates, guests and sponsors is also being arranged. Attendance is strictly limited, senior executives interested in attending the conference should complete the registration form below and mail without delay.

MAY 17, 1989

Nikolai Ryzhkov, the Prime Minister, will be making a special appearance/address at the conference.

THE OUTLOOK FOR FOREIGN ECONOMIC RELATIONS

Vladimir Kamenetsky, Deputy Prime Minister and Chairman, State Foreign Economic Commission, USSR

THE CHALLENGES OF PERESTROIKA

Keynote Presentation Boris Gostev, Finance Minister, USSR

Panel Discussion Leonid Abalkin, Director, Institute of Economics, of the Academy of Science, Moscow

Professor Stephen Cohen, Director, Russian Studies Program, Princeton University, U.S.

Engel Pilschke, Director, Institute of World Economy and International Relations, USSR

A NEW ERA OF DOING BUSINESS WITH THE SOVIET UNION

Dr. Armand Hammer, Chairman, Occidental Petroleum Corporation

CHALLENGES AND ISSUES FOR EUROPE

Valery Giscard d'Estaing, former President, France

Helmut Schmidt, former Chancellor, West Germany

CHALLENGES AND ISSUES FOR THE UNITED STATES AND ASIA PACIFIC

Toyoo Gohken, Vice Minister of Finance for International Affairs, Japan

Senior Member of the Bush Administration

Bolshoi Performance

*Invited - Subject to Confirmation

MAY 18, 1989

THE OUTLOOK FOR CONVERTIBILITY

Georg Krupp, Member, Managing Board, Deutsche Bank AG, Frankfurt

J.V. Modarek, Chairman, Bank for Foreign Economic Affairs, Moscow

Sir Michael Palister, Deputy Chairman, Midland Bank, London

HIGH TECHNOLOGY: CHALLENGES AND OPPORTUNITIES

Percy Barnevik, Chairman, Asea Brown Boveri, Zurich

V. Eshkov, Deputy, Chairman, USSR State Committee for Science and Technology

E.C. - COMECON: PROSPECTS FOR ECONOMIC COOPERATION

Frans Andriessen, Commissioner for External Relations, EC

JOINT VENTURES AND BUSINESS COOPERATION: OBSTACLES, OPPORTUNITIES AND INCENTIVES FOR MULTINATIONALS WORLDWIDE

Free Economy Zones

I.D. Ivashov, Vice Chairman, Soviet State Foreign Economic Commission, Moscow

Panel Discussion

James Giffen, President and Chairman, Mercator Corp., President, American Trade Consortium

Richard M. Norton, Vice President, Eastern European Region, Pepsi Cola International, Vienna

Heinz Schimmelfrueh, Chairman of the Board, designate, Metallgesellschaft, Frankfurt

INTERNATIONAL ARTS GUIDE

AUSTRIA

Vienna

Kunsthistorisches Museum (tel: 934.541). To Feb. 28: Prague Around 1600: The court of Rudolf II, Hapsburg emperor from 1576 to 1612, illustrated by over 400 works of art and scientific instruments, originally part of the emperor's private collection.

ENGLAND

London

Hayward Gallery (tel: 261.01.27). To Apr. 16: Leonardo da Vinci: Artist, Scientist, Engineer: 129 drawings by Leonardo including portraits, architectural and engineering designs, and 13 models, among them a flying machine of his design.

Royal Academy of Arts (tel: 734.90.52). To Apr. 9: Italian Art in the 20th Century, the most significant movements in Italian art since 1900, illustrated by the work of 45 artists including Boccioni, Balla, Severini, De Chirico, Morandi, Modigliani, Mario Merz and Lucio Fontana.

Whitechapel Art Gallery (tel: 377.01.07). To Apr. 23: Joan Miro, Paintings and Drawings 1929-41: on view are over 90 works.

FRANCE

Paris

Centre Georges Pompidou (tel: 42.77.12.33). To Mar. 27: Jean Tinguely: a retrospective of the Swiss artist's work of the past 30 years displays over 200 sculptures, including recent works.

Bibliothèque Nationale (tel: 47.03.81.26). To Mar. 5: Gauguin and the Pont-Aven School: engravings and other prints by principal Pont-Aven artists, Emile Bernard, Paul Serusier, Maxime Maufra and others.

Musée des Antiquités Nationales, Saint-Germain-en-Laye (tel: 34.51.53.65). To Apr. 30: A loan show of bronze age objects representing among the earliest examples of gold jewelry, from Bulgarian archaeological finds along the Black Sea.

WEST GERMANY

Berlin

Nationalgalerie (tel: 2.66.60). To Mar. 19: Sixty Modern Masterworks from the Solomon R. Guggenheim Museum in New York and the Peggy Guggenheim collection in Venice. Includes works by Braque, Max Ernst, Chagall, Modigliani.

Cologne

Wallraf-Richartz-Museum (tel: 2.21.23.79). To Mar. 27: Allegory to Realism: Gothic Painting and Sculpture in Cologne, 1300 to 1550. Includes 13th- and 14th-century sculpture and painting of the 15th and 16th centuries.

Frankfurt

Kunsthalle Schirn (tel: 15.45.0). To Feb. 26: "Guido Reni and Europe": 42 paintings and 65 drawings by Reni and paintings and prints by his artists of the 17th and 18th centuries. Represented are 45 artists including Caravaggio, Guercino, Filiberto, Zurbarán, Ingres, David, Van Dyck.

Munich

Neue Pinakothek (tel: 23.80.50). To Mar. 5: French art of the 19th century from the museum of applied arts in Budapest: 50 paintings, watercolors and drawings.

Wiesbaden Museum Wiesbaden (tel: 368.21.70). To Feb. 12: "1000 years of Russian Art" draws on collections from sixteen Soviet museums. On view are 160 icons from the 13th to 20th centuries, 160 objects by medieval goldsmiths, as well as frescoes, statues, and illuminated books.

ITALY

Florence

Palazzo Pitti (tel: 21.34.40). To Apr. 30: Splendors of Semiprecious Stones: Court Art in the Florence of the Grand Dukes displays about 100 objects, of the 16th to 19th centuries.

Venice

Museo Correr (tel: 25.62.5). To Feb. 7: Giorgio de Chirico (1898-1974): A retrospective honoring the centenary of the artist's death features 110 works.

NETHERLANDS

Amsterdam

Van Gogh Museum (tel: 76.48.81). To Feb. 26: Van Gogh and Millet: displays the influence of the Barbizon school painter Jean-François Millet (1814-1875) on Van Gogh in 80 works.

SWITZERLAND

Bern

Kunstmuseum (tel: 22.09.44). To Feb. 12: Max Ernst collage: a retrospective of 200 works ranging from the 1920s to the early 1970s.

Zurich

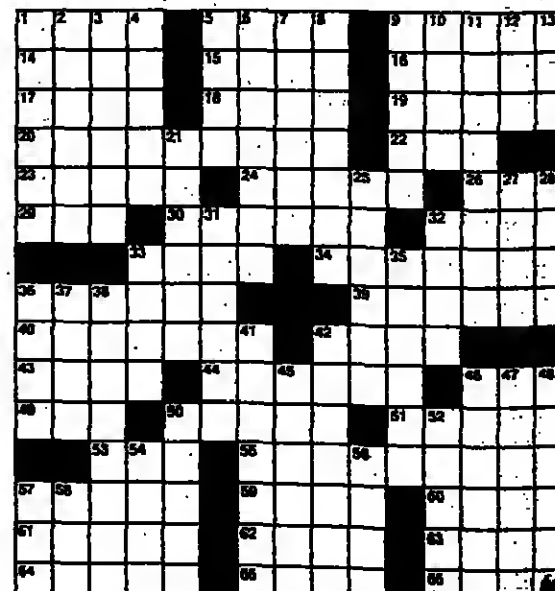
Kunsthaus (tel: 251.67.65). To Mar. 5: The Sketchbooks of Picasso: the artist's sketchbooks 1906 to 1965 are represented by 250 sketches, drawings, watercolors, personal notations.

ACROSS

- 1 Mischievous
- 2 London's Regent's
- 3 Hamdred
- 4 Concert
- 5 Henri Philippe Benoit
- 6 Joseph Pétain
- 7 Site of Betegeuse
- 8 me lengere
- 9 Calamouni
- 10 Caission
- 11 Graf's feat. 1988
- 12 High note
- 13 Dargie
- 14 Sea duck
- 15 Prof's degree
- 16 Compass pt.
- 17 Stableman
- 18 Gaff
- 19 Periods
- 20 Wharrior's 'Old New York' e.g.
- 21 Almost
- 22 Seasonable
- 23 Spring flowers
- 24 Eight furlongs
- 25 English Channel leader
- 26 Decoy
- 27 Tathune canine
- 28 Banglail
- 29 Orr was one
- 30 Cubic meter
- 31 Observe
- 32 Chinese checker?
- 33 "Hangan" songwriter
- 34 Tati of "Tootsie"
- 35 Arrow poison
- 36 Got up and at 'em
- 37 Dutch cheese
- 38 Remitted
- 39 Polyphonic composition
- 40 Depend
- 41 Papaw or persea

Solution to Previous Puzzle

CHEF SERF NACRE
LENO ETAL OILED
OMAR AUTO TRINE
VICTORIA STATION
ENTREE OTO
URRH RNA HST
STAT AFPOOL IOU
THE HOUSE OF LORDS
EAR PROEM LEAK
PRY EIN SPED
ARA OSGOOD
TRAFALGAR SQUARE
HABIT ALIT ATAN
ENERO SITE RETS
MILLER NEED DREE



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DOWN

- 1 Stamp mounts
- 2 Embazon
- 3 Tell
- 4 Normandy neighbor
- 5 A favorite in Beantown
- 6 Talsmans
- 7 Forward a letter
- 8 Gleason role
- 9 Quail
- 10 Unwritten
- 11 Dance craze in the 30's
- 12 A friend of Pooh
- 13 Blyth or Miller
- 14 Sea anchor
- 15 Amatory
- 16 Famed U.N. advocate
- 17 Sledge or sled
- 18 Gun dog
- 19 Dotted, as with stars
- 20 Willing partner
- 21 Most repulsive
- 22 Severn tributary
- 23 Firenze coin
- 24 Flier
- 25 Cozier
- 26 Coal or quartz
- 27 Scream
- 28 Hobbit, in the game of
- 29 Francis or Dahl
- 30 Expunge
- 31 Pulitzer Prize poet: 1929
- 32 Dance craze of the 60's
- 33 Pajhata
- 34 Host
- 35 Tappet mover
- 36 Gold, to Cortes

WEEKEND

French Honor O'Neill With 'Strange Interlude'

by Thomas Quinn Curtiss

PARIS — To honor the centenary of Eugene O'Neill's birth the Toulon National Theatre last season prepared a production of "Strange Interlude," perhaps the most famous and certainly the most remunerative of all his plays.

Requiring five hours to perform its nine acts and introducing to dramaturgy the stream of consciousness device of James Joyce's "Ulysses" by having its characters



Eugene O'Neill

...speak their thoughts in asides, it caused a sensation when it was unveiled in 1928. It paved the way to O'Neill's being awarded the Nobel Prize in literature.

"Strange Interlude," the Toulon theatre's presentation, is currently at the Théâtre de la Comédie d'Aubervilliers (until Feb. 12) where it is drawing packed houses. Its audiences sit rapt before it as the hours tick away, for it maintains its hypnotic spell throughout as it did six decades ago.

Here again O'Neill was striving for fresh forms to broaden the scope of the stage. He employed realism in his early cycle of one-act plays with memories of his sailor days and in "Anna Christie" with its waterfront background. In "The Emperor Jones" he introduced the throbbing beat of the tom-tom that sounds with a rising sense of doom as the fallen monarch flees through the jungle. In "The Hairy Ape" he veered to expressionism in taking as his key figure a primitive brute, a brawny stoker who feeds the furnace of a luxury ocean liner. This human simian, one of the excluded, yearns to "be long," and, rejected by all, only finds his place in a bewildering maze of the world when at the end he climbs into the monkey cage of a zoo and dies in the arms of a gorilla.

In "The Great God Brown," a satirical fantasy of the bleakness of materialistic society, O'Neill resorted to Greek tragedy masks with which his Babbitts and their women expose their dual natures.

In "Strange Interlude," after delving into the theories of Freud and Jung, he aims to uncover the psyche of a modern woman seeking her fulfillment. The play is a case history dramatized with an unswerving insight and directness that cultivates its pulsating theatricality.

O'Neill, raised in the theater, knew the art of sustaining suspense in every scene. His protagonist, Nina Leeds, the daughter of a

puritan professor, in her soliloquies discloses her motives in manipulating those about her: the man she marries after her fiancé, the doctor who becomes the father of her child; her child, grown to manhood, and a timid friend of her girlhood who becomes her companion in late life after the others have escaped her grasp.

When O'Neill submitted his voluminous script to the Theater Guild its board of directors pondered on how to arrange it to be seen. The solution was to begin at 5 P.M., pause for dinner at 8 and then resume at 9. This scheme made theater-going into a special occasion.

It was an immediate and enormous success when it opened in January, 1928. The majority of the critics hailed it as the finest play ever written by an American. It ran on Broadway for 17 months and two companies were engaged to play it across the country. It was awarded the Pulitzer Prize and in book form it was the only modern play ever to top best-seller lists, selling 100,000 copies in a few weeks.

ITS performance was forbidden by the police in Boston, which placed O'Neill in the company of Boccaccio, Bertrand Russell, Mark Twain, Havelock Ellis, Freud, Aldous Huxley, Theodore Dreiser and Upton Sinclair, all of whom were banned in Boston. Even Paul Robeson's cook book was banned in Boston as it contained a recipe for a seduction supper.

"Strange Interlude" found shelter in nearby Quincy. There it thrived with every student at Harvard and Vassar trying to get into it. A novice restaurateur in Quincy catered intermission dinners, his first step on the road to fortune. His name was Howard Johnson.

Notoriety clung to the play. It was constantly in the news as it made its triumphant march through the land. A mayor would proclaim that he had been shocked by it or it was denounced from some pulpit as immoral. A woman who was forever charging movie scriptwriters for plagiarizing her ideas brought suit, accusing O'Neill of borrowing from a soft-porn novel she had published, and O'Neill's publisher had to stand trial. The literary lady lost.

Jokes about it abounded. Alfred Lunt — whose wife, Lynn Fontanne, created the role of Nina Leeds — referred to it as "six-day bisexuality" and Alexander Woolcott called it "the Abie's Irish Rose of the intelligentsia." The Marx brothers, in a musical comedy, parodied its climactic scene in which Nina Leeds, sitting with her three men, tells the audience in asides what she thinks of them. This was the time when Herbert Hoover and Al Smith were rivals for the presidency. The Marx sketch transformed Nina into the Statue of Liberty surrounded by Hoover, Smith and the then president, Calvin Coolidge. Groucho as Smith, derby and all, kept boasting, "I got her!" but when the statue spoke her thoughts, she remarked, "My three men! All of them are impossible!"

The Toulon presentation, directed by Jacques Rosner, conveys the emotional voltage of the tragic drama to thrilling effect. Marie-Christine Barault as Nina Leeds, one of the longest roles in theatrical history, has the part firmly in hand and plays it with honest force and sufficient variety. Jean-Claude Dreyfus as the reserved, fatherly friend who inherits the heroine after she is passion-spent, delivers an admirable characterization. Simone Turck as Nina's mother-in-law does her single but crucial scene superbly and the others suffice.

'Stealing' Modern Art

Continued from page 7

a "conspiracy theory." Yet an attentive reading of the book fails to reveal a conspiracy. Serge Guilbaut, a bright-eyed, 45-year-old Frenchman with a lively sense of humor, was trained in art history at the University of California and has been professor of art history at the University of British Columbia in Vancouver since 1978. He is now on a sabbatical in Paris with his wife and two children, enjoying the reactions to the recently published French edition and working on his next book — a sequel.

Guilbaut has caused particular irritation to such conservative critics as Hilton Kramer, who has bashed him on several occasions. Some object to his assessment of the Cold War and of the American response to the takeover of Central Europe by the Soviets. He undeniably takes a detached view and seems to imply that the government overreacted.

Other adversaries unjustifiably assume that he is "against" American art and consequently are in favor of Socialist Realism. Yet despite accusations, Guilbaut's thesis never questions the intrinsic aesthetic quality of American art of the period — Pollock, Rothko, de Kooning, Motherwell et al. But it does challenge the accepted account of how the school of New York achieved international success.

As he argues, the political undercurrents of this period are generally ignored in the accepted accounts of recent art history: "This amnesia," he believes, "was of course due in part to self-imposed censorship in response to the trauma of the McCarthy era."

As far as art historians are concerned, this scrutiny of the political context and of what might be described as the "negative" aspects of history, is nothing new. Other specialists have worked along similar lines.

It has generally been assumed that the aesthetic of Abstract Expressionism, which embodied the postwar "triumph of American painting," was based on the notion of "art for art's sake" and implied a total political disengagement. This Guilbaut shows to be untrue. All these artists were concerned by politics and by the meaning of art in relationship to life.

"What really fascinated me at the outset," Guilbaut says, "was the fact that a modernist, avant-garde culture should suddenly appear developed in a country which had, until then, utterly rejected this sort of culture. How could this be, I wondered? And how was it that Jackson Pollock, who, in the 1930s, was decorating florets for the American Communist Party, became a totally abstract painter in the late 1940s and the very embodiment of the American culture hero?"

These questions led Guilbaut to take a closer look at the aesthetic debate of the 1930s. At that time only a rather small circle of artists and intellectuals was actually involved. All belonged to the political left and most were strict Marxists or Trotskyites.

But the years 1935 to 1941 saw a gradual drift away from the left. American artists grew disillusioned with the notion of a common front of the left after the Soviet Union signed a non-aggression pact with Hitler and then invaded Finland and Poland.

The fall of France prompted American artists, thinkers and political leaders to see America's role in a new light. The creation of an "authentically American art" had long

The book has caused particular irritation to such conservative critics as Hilton Kramer.

been a sensitive issue. How was one to define the characteristics of such an art? The eclipse of Europe brought matters to a head. Exiled artists and writers arrived in droves. Collectors who could no longer go to Europe were led to scout the American scene. The Parisian dealers who had dominated the market until then were out of the running and a new market began to develop in New York.

More important, the very fact that modernism was rejected by the fascists with whom America was at war led to its approval by the mass media. "Though modernism," writes Guilbaut, "had previously not caught on in the United States, now it slipped in through the back door, as it were, and established itself in the national consciousness. The war was to do far more for modern culture in the United States than all the efforts of the Partisan Review put together."

In due course, and as the war came to an end with the revelation of extermination camps, artists came to feel that they should turn to abstraction to express contemporary alienation and anguish.

At the end of the war, America entered a new phase. At home, there was money to spend and the wartime notion of "buy American" also applied to art. A new middle class identity from that of the financial aristocracy that had, before the war, bought its art in Europe. But the call for a specifically American art also demanded a definition of what

actually made a certain kind of art American.

Guilbaut relates the story of the exhibition devoted to six American artists, organized by Samuel Kootz at the Maeght Gallery in Paris in 1947. In retrospect it sounds like a rather grim and cautionary tale. The original idea, says Guilbaut, had been to win some Parisian accolades for Robert Motherwell, Adolph Gottlieb, William Baziotis, Romare Bearden, Carl Holty and Byron Brown. But at the same time they were sent to France as the representatives of the new American painting.

The exhibition was something of a flop, but the interesting point here is that, while the first three became famous and went down in art history, few history books pay much attention to the others. The show had, in a sense, been a litmus test of what makes a work of art American. Brown, Holty and Bearden all too clearly continued to show their attachment to the Paris tradition, thus unwittingly cutting themselves off from the trend of the future.

THE sin of these artists was that they had made the wrong choice. For in the interval, and through long debates, it meant "unfamiliar," as against the craftsmanlike finish of Parisian art, of which Brown, for one, approved. American also meant "vulgar, tough," and indeed "brutal" — Parisian art, by contrast, being "effeminate."

In conclusion, Guilbaut points out, all this was taking place at a time when the country was getting increasingly involved in the Cold War. America was the leader of what was then termed the Free World. This leadership was military and economic, but it soon became apparent that the country also needed to project a cultural image abroad. The image that appeared most suitable was that of an essentially free spirit, the individualistic, rugged and "political" artist.

The Abstract Expressionists, whom the mass audiences had discovered in such publications as Life magazine, were picked up by this tremendous political wave and propelled to the fore as the symbol of the times. They became, in Guilbaut's view, the banner of the new liberalism that replaced the Popular Front.

It was this convergence of complex aesthetic, commercial and political considerations that, according to Guilbaut, ultimately caused America to adopt a variant of the modernist culture it had formerly rejected, and to become its chief defender. This, in the author's view, is how New York "stole" the idea of modern art.



In "Divertimento No. 15," the male dancers are Ben Huys (Belgium), Jukka Aromaa (Finland) and Nils Martins (trained in Denmark).

Wanted: American Male Dancers

by Anna Kisselgoff

NEW YORK — Look at the photograph above and you might muse upon the fact that all three men, still in their 20s, were trained in Europe, while the women are American. Yet, all eight dancers are performing in an American company, the New York City Ballet.

We are, it seems, back to the same old story — forced to acknowledge that the United States is less receptive to the development of male classical dancing than it should be. American ballet companies are again beginning to look abroad to fill their ranks, but not in form, no such shortage of talent exists among the women.

Paradoxically, a noticeable influx of male foreign dancers into the United States's two top classical companies, City Ballet and American Ballet Theatre, comes at a time when the overall standard of dancing in ballet has risen markedly among American men. One has only to remember the male corps in both troupes through the 1970s to recognize how more classical in style, how more precise and technically secure today's American young men are at the soloist and corps level.

At the City Ballet, in particular, those who entered the corps in the mid-1980s have very visibly shot ahead. This generation includes Michael Beards, Jeffrey Edwards and Damian Woetzel (all attracting notice this season), with Wes Chapman an obvious counterpart at Ballet Theatre.

There is, nonetheless, a generation gap at the principal level, possibly explained by absence and injury, that has been filled this season by either new dancers from abroad or casting that makes us realize how international the male ranks have become in the two companies.

Ballet Theatre has just recruited Andris Liepa, one of the Bolshoi's younger stars from Moscow, for its 1988-89 season, as well as a new French principal, Guillaume Graf-fin. ABT's principals already include Ross Stretton from Australia and Johan Renvall

from Sweden, not to speak of Mikhail Baryshnikov. The last two seasons have been highlighted by the dancing of Argentina's Julio Bocca, who may or may not return to Ballet Theatre in the spring. Ricardo Bustamante is a rising star from Colombia, although partly American-trained: He danced previously with the San Francisco Ballet.

The influx is more noticeable this season at the City Ballet, chiefly because the company has never paid attention to hierarchical distinctions. The ballet pictured on this page is "Divertimento No. 15," one of George Balanchine's most rigorous tests of purity in classical style. The solo roles were danced several times by Nils Martins and Ben Huys, two young corps members in their first big assignments; the central male role was held by Jukka Aromaa, an engagingly confident new soloist from Finland who has been thrust into principal roles from his first week with the company this fall.

Martins, the son of Peter Martins, the City Ballet's co-director, was trained in Denmark, and Huys comes from Belgium. Both had a few nervous moments in the difficult partnering. Yet, both were elegant and noble. Martins, a standout at age 12 when I saw him at the Royal Danish Ballet school in Copenhagen, tends to dance with a bemused air. Give him a few more opportunities, such as his debut in "The Waltz Project" (by the elder Martins), and you will sense a new intensity and potential.

The most visible corps member since last spring has been the towering Jeppe Myd-

kov from Denmark, whose partnering and presence brought him to the fore in last spring's American Music Festival and most notably this season when he brilliantly took over the main role in Jerome Robbins's "Glass Pieces."

Two soloists, Gen Horinouchi from Japan and Carlo Merlo from Italy and Monaco, came to attention in the early 1980s, as did two other dancers who have partnered the company's top ballerinas: Otto Neubert, a soloist from West Germany, and Alexandre Proia from France, a corps member often seen as a soloist because of his distinctive stage personality.

Huys, Horinouchi and Merlo entered the company as past winners of the Prix de Lausanne. By offering a scholarship to the School of American Ballet (the City Ballet School), the annual international competition has drawn young foreign talent to the City Ballet.

OTHER male dancers who came from abroad to join the company include a few corps members, but more visibly several principals from the Balanchine era: Adam Linders and Ib Andersen from Denmark, and Leonid Kozlov, a product of the Bolshoi. Incidentally, Lindsay Fischer, the company's new American principal, was trained in Toronto.

Major American ballet companies, through necessity, have been cosmopolitan; this was especially true when Balanchine's top male ranks in the 1970s were almost

exclusively filled with Europeans. American ballet, in fact, has been more creative than its counterpart overseas, in part because its talent pool has been recruited from everywhere. The narrow nationalism of state opera houses abroad has never limited its choice of dancers and the versatility they provide to choreographers.

Why has American ballet, however, not produced a current generation of major male classical dancers? Those who teach ballet in the United States suggest that, until the American government provides the full subsidy that the Soviet, French and Danish governments offer to young boys who begin their ballet training at the age of 8, families with highly gifted children will not come forward.

When role models — including Martins and Baryshnikov — were in the public eye, the School of American Ballet suddenly experienced a surge of enrollment in the 1970s from boys (or rather, their parents). After 1984, this kind of enrollment dropped off — in the view of some, because gymnastics attracted more boys after the Olympics that year.

My view is that the Puritan impulse still has a lot to answer for. An American 6-year-old (male) once told me (before his mother pounced on him) that he wasn't interested in seeing "The Nutcracker" again because "ballet is for girls." Try and find out where he heard that point of view. Better yet, try to put that youngster into a dance studio.

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Thursday's NYSE Closing

Tables include the nationwide prices
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and do not reflect late trades elsewhere.

(Continued)

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Floating-Rate Notes

Feb. 2

Issuer/Note

Coupon

Maturity

Bid

Ask

Issuer/Note	Coupon	Maturity	Bid	Ask
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00
Alcoa Finance Corp.	5.00%	12/1/90	100.00	100.00

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U.S. Futures

Via The Associated Press

Feb. 2

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WALL STREET WATCH

Index Funds Can Affect The Stock Market at Large

By FLOYD NORRIS
New York Times Service

NEW YORK — Running an index fund would seem to be a dull way to make a living. But appearances can be deceiving, and last week index fund managers made big decisions that may have played a significant role in sending blue-chip stock prices up sharply.

An index fund simply attempts to duplicate an index, most often the Standard & Poor's 500. An index fund could get away with buying and holding the 500 stocks, were it not that corporate events ranging from bankruptcies to mergers keep forcing S&P to remove some companies and replace them with others.

When a change is made, the funds must buy the stock added, and sell the one deleted. But because the index is weighted by market capitalization, the funds also must trade in the other 499 stocks.

If the stock going into the S&P is smaller than the one coming out, then each of the 499 other stocks gets a slightly larger weighting in the index funds, and must be purchased. If the reverse is true, the index funds must sell shares in the other 499.

Last week index fund managers may have helped send blue-chip stock prices up sharply.

The pending change to the index is the removal of RJR Nabisco Inc., which is slated to be taken private in a leveraged buyout. RJR is now the 11th largest company in the S&P 500, making up 1.1 percent of the index. Its replacement is sure to be much smaller, so the index funds know they will soon be buying shares of all the other companies; the only questions are when and how many of each.

The answer to the latter question can be estimated. S&P has circulated a calculation that, assuming \$150 billion is now invested in index funds and that the new company has a market value of \$1 billion, makes it necessary for the index funds to buy \$1.6 billion worth of shares in the 499 other companies.

The timing question is trickier. An index fund that began buying new shares weeks in advance would risk underperformance if the market moved lower over that period. One that waited until the last minute would face the same risk if stocks rose rapidly after the change was made.

Until last week, it was not known when S&P would act. One option would have been to do nothing when the tender offer was completed, waiting instead until the securities were distributed for the remaining RJR Nabisco shares. That distribution could be months away.

ON JAN. 23, S&P disclosed its plans to subscribers to one of its services but not to the general public. It then changed those plans twice during the week, creating confusion and possibly pushing share prices higher.

The first plan was based on the assumption that Kohlberg, Kravis, Roberts & Co., which is leading the buyers of RJR, would close the tender offer, as then scheduled, on Jan. 31. S&P, which tries to make changes in its index on Wednesdays, said the changes would be made on Jan. 25.

Unfortunately, the next day Kohlberg, Kravis delayed the tender offer completion until Feb. 6. S&P responded by postponing the removal of RJR until Feb. 1. Then, after trading ended for the week, S&P announced it had changed plans again. Now the change is to be made on Monday, on whatever later day the tender offer actually does close.

Fund managers try to spread their purchases over several days, to minimize market impact, so some probably began buying Tuesday, after getting the word of a replacement planned for the next day. As it happens, that is also the day that blue chip stocks, the type that dominate the S&P-500, turned around and began rising sharply.

Fed Chief Questions Budget

Rate Forecast May Be Too Low

WASHINGTON — Alan Greenspan, chairman of the U.S. Federal Reserve Board, said Thursday that economic assumptions in the fiscal 1990 budget submitted by former President Ronald Reagan probably underestimated short-term interest rates.

The forecast calls for an average 6.3 percent rate on 90-day Treasury bills in 1989. President George Bush has not yet decided whether to endorse that forecast, but Richard G. Darman, the new budget director, has said that the president would adopt economic growth predictions submitted by Mr. Reagan.

Mr. Bush is expected to submit a budget plan in mid-February.

Mr. Greenspan told the House Ways and Means Committee that a forecast of lower interest rates was credible if the budget deficit were reduced as sharply as Mr. Reagan's plan envisaged.

But, because short-term interest rates at the end of 1988 were already much higher than Mr. Reagan's budget forecast, Mr. Greenspan added, it would be very difficult for them to reach their 1989 target.

Mr. Greenspan said the Congressional Budget Office's 1989 growth forecast of 2.9 percent was more likely to prevail than Mr. Reagan's projection of 3.5 percent.

The Fed chairman also said it was urgent that the government reduce the budget deficit. "The deficit already has begun to eat away at the foundation of our economic strength," he prepared testimony said, "and the need to deal with it is becoming ever more urgent."

Mr. Greenspan said that because of low U.S. savings rates, more than half of savings in the 1980s had been absorbed by the combined deficits of federal, state and local governments.

High interest rates associated with increased Treasury borrowing have reduced private investment. Furthermore, high rates have shifted investment away from long-lived assets, such as factories, toward computers and other shorter-lived equipment, Mr. Greenspan said.



Among the recent mergers in Canada were the sale of Texaco Canada to Imperial Oil of Canada and the union of Molson Breweries of Canada with Carling O'Keefe Breweries.

Merger Mania Sweeping Canada

Trend Accelerates With the Free-Trade Pact in Effect

By John F. Burns
New York Times Service

TORONTO — A spate of billion-dollar takeovers and mergers has swept through Canada in recent weeks, affecting the airline, beer, paper and gasoline industries.

The takeover wave, coming on the heels of Canada's ratification of a free-trade pact with the United States that took effect Jan. 1, has prompted mixed feelings among Canadians.

The government and many economists say that Canadian companies must grow to compete better in the United States and other markets and that competition will come from foreign companies, especially U.S. concerns, that enter Canada.

The government view was put forward by Harvie Andre, who, as minister of consumer and corporate affairs, is responsible for oversight of the Bureau of Competition Policy, which enforces antitrust laws.

"Mergers to enhance company strength through increased efficiency, consolidation, rationalization and so on — that's all right," Mr. Andre said.

But other people have voiced concerns about a concentration of economic power. They fear higher prices, lower standards of service and less benign treatment of employees.

The unsettled feeling over the massive deals has deep historical roots. In 1870, as European exploration of the Canadian wilderness began, King

Charles II granted Hudson's Bay Co. a trading monopoly through much of upper North America. Today Canada's population has grown to about 26 million, yet a relatively small group of family dynasties and corporations still dominates the economy to an extent unequaled in other Western industrial nations.

The pace of acquisitions and mergers has picked up in recent years. According to government figures, there were 1,082 registered consolidations in 1987, up nearly 70 percent since 1984. But there has never been a period like the one since mid-January, in which nearly \$10 billion in corporate assets changed hands.

In what critics in the parliamentary opposition are calling "merger mania," the following deals have made headlines here in the past two weeks, each of which is subject to review by the Bureau of Competition Policy or by Investment Canada, the agency that monitors foreign investment, or both:

• The country's second- and third-largest breweries, Molson Breweries of Canada Ltd. and Carling O'Keefe Breweries of Canada Ltd., agreed to a \$1.6 billion Canadian dollar (\$1.35 billion) merger that left the new company, to be called Molson Breweries, with 53 percent of the domestic beer market and only one large competitor, John Labatt Ltd. Within days of announcing the merger, execu-

U.K. Clears Way For £2 Billion Gold Fields Bid

Compiled by Our Staff From Dispatches

LONDON — Britain's antitrust authority cleared the way Thursday for a South African-controlled group to pursue a £2 billion (\$3.5 billion) hostile takeover bid for Consolidated Gold Fields PLC, surprising analysts who had expected greater political opposition to the move.

The Monopolies & Mergers Commission, to which the government had referred the bid in October, decided not to block it on grounds of possible antitrust violations in strategic minerals.

The referral was widely viewed in Britain and the United States, where Gold Fields has extensive mining interests, as an attempt to spike an amalgamation that would greatly increase South African domination of the world mining, especially gold, industry.

If successful, the takeover by Minerals & Resources Corp., or Minorco, would be Britain's largest and would create the largest mining conglomerate in the West. Minorco is the Luxembourg-based investment arm of Sir Harry Oppenheimer's Anglo American Corp. and De Beers Group.

Minorco, which launched its £13.06-a-share bid in September, owns almost 30 percent of Gold Fields and is thought by some analysts to be able to count on another 10 percent or so of the capital in so-called friendly hands. The bid values the whole of Gold Fields at about £2.5 billion.

Gold Fields shares rose to £14.19 from £13.05 on the London Stock Exchange, partly reflecting surprise in the City that the authorities had allowed the bid to proceed without conditions.

An analyst, who asked not to be named, conceded that the City had not been expecting a favorable decision, but added that the outcome of the antitrust inquiry was "a toss of a coin."

While the monopolies commission decided not to pursue the question of a monopoly in the minerals zircon and titanium — a relatively minor sector and one viewed by many as an illogical basis for such an inquiry — some analysts had expected the commission to

EC Approves 2 Big Deals In Packaging

BRUSSELS — The European Commission said Thursday that it had cleared two major mergers in the European packaging industry, one between MB Group PLC of Britain and Carnaud of France, the other between Groupe Pechiney of France and American National Can.

None of the link-ups would lead to an "abuse of a dominant position," which is banned under the European Community's treaty, the commission said.

But it warned that it would follow "market developments with particular vigilance" because of the "level of concentration in the European metal-packaging industry."

MB Group and Carnaud last October agreed to create CMB Packaging, combining the companies' packaging interests into a single company with expected sales of about £2 billion (\$3.5 billion).

Pechiney's packaging subsidiary, Cebel, acquired American National Can in November.

(AP, AFP)

Congressional Agency Expects Bigger Deficit

By Paul Blustein
Washington Post Service

WASHINGTON — In new projections that provide ammunition to critics of President George Bush's budget policies, the Congressional Budget Office has estimated that the U.S. budget deficit would substantially exceed next year's fiscal ceiling even if Congress enacted all the spending cuts proposed in President Ronald Reagan's final budget.

The deficit estimate by the CBO, which is the congress's economic forecasting arm, is considerably wider than one projected by the White House Office of Management and Budget and underscores the concerns that have been raised about the credibility of Mr. Bush's budget plan.

The CBO calculations apply to the budget proposed by the department of Reagan administration, but Mr. Bush has indicated that he is likely to endorse much of it.

The CBO, using an economic forecast much less optimistic than that of the OMB, estimated Wednesday that under the Reagan administration proposals the deficit still would be \$120 billion — well above the \$100 billion target set by the Gramm-Rudman-Hollings law.

The agency projected that the deficit would be \$146 billion in fiscal 1990 if the budget were left on "automatic pilot" — that is, if current federal services and tax policies were left in place and appropriations grew no faster than the inflation rate.

By contrast, the OMB has estimated the deficit would be \$92.5 billion in fiscal 1990 if the Reagan proposals were enacted and \$127 billion under current policies.

One implication of the CBO figures is that the White House and Congress may find themselves in a jam next fall, when the Gramm-Rudman-Hollings law requires drastic across-the-board cuts if the projected 1990 deficit has not been reduced to \$100 billion.

Under the law, only the OMB's estimates count in determining whether the target has been achieved. But the CBO figures, which are based on an economic outlook similar to that of most private forecasters, suggest that if the economy behaves this year as those private economists expect, budget savings beyond those proposed in Mr. Bush's budget will be required to reach the target.

The difference in the two agencies' economic forecasts accounts for much of the discrepancy in their deficit estimates. In particular, the CBO projects substantially higher interest payments on the \$2.6 trillion national debt because its forecast of interest rates is more pessimistic; the CBO believes long-term interest rates will be 2.5 percentage points higher, on average, than does the OMB over six years.

The CBO estimates that the deficit will be \$159 billion in the current fiscal year and projects that under current spending and tax policies it would decline very gradually, to \$130 billion in 1994. The OMB, by contrast, has projected that even without any changes in policy, the deficit would virtually disappear six years from now.

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PRIVATE BANKING SOLUTIONS IN SWITZERLAND

TDB
AMERICAN EXPRESS BANK

Currency Rates

Cross Rates	Feb. 2
Australian \$	1.275
British £	1.615
French F	6.545
German M	1.365
Italian L	1.365
Japanese ¥	163.5
Netherlands G	2.365
Portugal Esc	200.48
Spain Ptas	166.64
Swedish Kr	136.5
Swiss Sfr	1.485
West German M	1.365
Yen	163.5

Other Dollar Values	Feb. 2
Argentine \$	1.275
Australian \$	1.275
Belgian F	6.545
British £	1.615
Canadian C\$	1.275
French F	6.545
German M	1.365
Italian L	1.365
Japanese ¥	163.5
Netherlands G	2.365
Portugal Esc	200.48
Spain Ptas	166.64
Swedish Kr	136.5
Swiss Sfr	1.485
West German M	1.365
Yen	163.5

Forward Rates	Feb. 2
30-day	1.275
60-day	1.275
90-day	1.275
180-day	1.275

Interest Rates

Eurocurrency Deposits	Feb. 2
1 month	8.00%
3 months	8.00%
6 months	8.00%
1 year	8.00%

Key Money Rates	Feb. 2
3-month T-bill	8.00%
6-month T-bill	8.00%
1-year T-bill	8.00%

Asian Dollar Deposits	Feb. 2
1 month	8.00%
3 months	8.00%
6 months	8.00%
1 year	8.00%

U.S. Money Market Funds	Feb. 2
Money funds	8.00%
Money funds	8.00%
Money funds	8.00%

Gold	Feb. 2
Gold	375.00
Gold	375.00
Gold	375.00

Repsol Offering Is Set By Spanish Government

MADRID — Repsol, the Spanish state oil group, said Thursday that it would offer up to 30 percent of its stock to private investors in the country's biggest privatization.

The offering could raise around 165 billion pesetas (\$1.4 billion), a stock market analyst said.

The chairman of Repsol, Oscar Fajul, said about one-third of the shares being floated would be offered to institutional investors in the United States, Japan, West Germany, France, Britain and Switzerland.

Formed in 1987 through the merger of state-owned refining, chemicals and oil-exploration companies, Repsol is one of Spain's biggest companies.

Mr. Fajul said net profit in 1988 was \$5.91 billion pesetas, up 26 percent from 44.40 billion pesetas in the previous year.

The flotation is the most ambitious of its kind in Spain, where Prime Minister Felipe Gonzalez has pursued the sale of state industries in recent years.

Last May, the sell-off of 20 percent of the state electrical utility, Empresa Nacional de Electricidad SA, raised 74.2 billion pesetas. At the time, it was Spain's biggest flotation ever and was seen as a forerunner to the flotation of Repsol.

The state airline, Iberia, also has plans to offer its shares to the public, but a spokesman said it would not occur before 1990.

Mr. Fajul said at a news conference that the company would announce the price of the shares on April 20 and that it had applied for a listing on the New York Stock Exchange.

Reaching
More Than
a Third of
a Million
Readers in
64 Countries
Around
the World

BUSINESS ROUNDUP

Maxwell Plans \$1 Billion Asset Sales

LONDON — Robert Maxwell, the British publisher, said on Thursday that his company would dispose of \$1 billion of assets to reduce debt incurred in its recent takeover drive.

He said Maxwell Communications Corp. would sell three travel magazines produced by the Official Airlines Guide unit acquired from Dun & Bradstreet Corp. last year for \$750 million.

The company also plans to sell Macmillan Inc. businesses, including its professional book club operation, Gump's specialty stores and mail order unit, Katherine Gibbs secretarial school and its vocational training division. Maxwell acquired Macmillan for about \$2.6 billion last year.

Maxwell has already raised \$1 billion from the sales of Macmillan's Michie Co. subsidiary, a 23 percent stake in the British publishing concern Norton Opax PLC and BPC, the largest printer in Britain.

Mr. Maxwell said the units to be sold were not part of the core operations of Macmillan and the Official Airlines Guides, and he noted that the total value of divestitures would rise to more than half the amount paid for the two companies.

In November, Mr. Maxwell confirmed plans to sell Macmillan assets. Before that, he had indicated

that his company would pay for its heavily leveraged takeover of Macmillan by selling only Maxwell Communications assets.

Mr. Maxwell said the program of asset sales was proceeding speedily and at satisfactory prices.

"We have taken rapid and effective measures in reducing borrowings towards the level which will permit the consolidation of Macmillan and OAG into the MCC group," he said.

He said Maxwell Communications had bolstered and expanded Macmillan with three recent U.S. takeovers: the Barnell Loft and Crestwood House Inc. publishing houses and BRS Information Tech-

nologies, a leading supplier of databases for science and business.

He said he expected that Macmillan and OAG would be fully consolidated into Maxwell Communications this year.

"They are excellent acquisitions which will bring substantial benefits, both immediately and in the long term."

Until these companies are consolidated, Maxwell Communications said it would not enter into any further off-balance sheet acquisitions.

Analysts said news of the asset sales had been expected and Maxwell's stock closed at 202 pence on the London Stock Exchange, down one penny from the close on Wednesday.

Maxwell outbid Kohlberg, Kravis, Roberts & Co. for Macmillan in a contested battle last year. Robert M. Bass Group Inc., which had been an investor in the publishing concern, proposed to acquire Macmillan for \$1.6 billion in May. After it raised its bid to about \$1.9 billion in July, Maxwell offered \$2.1 billion.

In September, Macmillan arranged a friendly takeover by Kohlberg, Kravis at about \$2.36 billion, but Maxwell eventually prevailed with his bid after a court overruled an anti-takeover defense by the U.S. publisher.

Atari Sues Nintendo, Charging Monopoly

Agency France-Press

SAN JOSE, California — Atari Corp. of the United States filed Thursday a \$250 million suit against Nintendo Co., accusing the Japanese video-game manufacturer of monopolizing the market by forcing game creators to supply it exclusively.

"Developers are faced with the choice between selling games only to Nintendo customers or not selling," Atari said in a complaint filed in U.S. District Court.

Cadbury Makes Friendly Bid To Win Bassett

Reuters

LONDON — Cadbury Schweppes PLC stepped in Thursday to rescue another British concern, the candy maker Bassett Foods PLC, from a hostile Swedish offer with a bid that values Bassett at \$191 million (\$159.6 million).

Cadbury also bought 2.34 million shares, or 14.89 percent, of Bassett, whose brands include Liquorice Allsorts, Jelly Babies and Dolly Mixtures.

The deal was made a week after Bassett rejected a bid worth \$63 million by the Swedish consumer-goods group Procter & Gamble. The Cadbury bid was for 579 pence a share, compared with 400 pence a share offered by Procter.

The terms include eight new Cadbury ordinary shares for every five ordinary Bassett shares. The cash alternative is 536 pence a share. Bassett shareholders would hold about 4.1 percent of Cadbury's enlarged capital.

Mitsubishi Stake Boosts Chrysler Earnings

Compiled by Our Staff From Dispatches

NEW YORK — Chrysler Corp.'s fourth-quarter earnings jumped 23.8 percent from the level the previous year, boosted by an adjustment in the value of its equity investment in Mitsubishi Motors Corp.

In the quarter, Chrysler earned \$433.6 million, or \$1.85 a share, up from \$350.2 million, or \$1.57, but the profit was boosted \$52.7 million, or 27 cents a share, by an adjustment in Chrysler's stake in Mitsubishi. The Japanese carmaker's stock price soared when it was listed on the Tokyo Stock Exchange.

Chrysler's sales rose 13.6 percent in the quarter, to \$9.69 billion from \$8.53 billion in the final three months of 1987.

For the 1988 year, Chrysler's income fell 18.6 percent, to \$1.05 billion, or \$4.66 a share, from \$1.29 billion, or \$5.50.

The results were depressed by a \$150 million charge for previously announced closings in Chrysler's Acustar parts subsidiary. The charge reduced full-year earnings by \$93.1 million.

Revenue for the year rose to

\$35.47 billion, up 21.2 percent from \$29.26 billion.

Lee A. Iacocca, chairman of the automaker, said the company had achieved its key objectives during the year. He said those included the completion of Chrysler's takeover of American Motors Corp., an increase of its car and truck market share, and a strong end to the year in terms of earnings. "Which moves us into 1989 with a lot of momentum."

Speaking in New York, Mr. Iacocca said Chrysler would pay an average \$720 to each of its 115,000 employees next month in the first distribution under the company's profit-sharing plan.

The automaker said its share of the U.S. car market rose to 11.3 percent from 10.8 percent 1987. Chrysler's share of the truck market rose to 19.4 percent from 18.3 percent in 1987.

Chrysler said it had sold 2.22 million vehicles, compared with 1.92 million in 1987.

But Bennett Bidwell, chairman of Chrysler Motors Corp., said the automaking subsidiary's contribution to net profit fell below the company target of 75 percent.

GM Will Close Assembly Plant

Los Angeles Times Service

DETROIT — General Motors Corp., struggling to adjust to the reality that it no longer dominates the U.S. auto market, has announced plans to close an assembly plant in Framingham, Massachusetts.

The closing, slated for Aug. 1, will eliminate the jobs of 2,100 workers, as well as those of another 1,200 workers now on temporary layoff. The 40-year-old Framingham plant produces the Chevrolet Cavalier and Oldsmobile Cutlass Ciera models, part of an aging line of intermediate sedans that GM is slowly phasing out.

The closing, announced Wednesday, marks the 20th operation in North America and the seventh assembly plant that the world's largest automaker has announced plans to shut since 1986. Most of the closings were announced in November 1986.

Yamaha to Buy Into German Piano Maker

Agency France-Press

TOKYO — Yamaha Corp., the world's largest maker of musical instruments, said Thursday that it would purchase a 24.9 percent stake in the West German piano maker, Wilhelm Schimmel Piano-Forte-fabrik.

The deal is part of a recent agreement between the companies to exchange piano production expertise and research data. Yamaha officials said in Tokyo. Under that agreement, Schimmel will provide Yamaha with piano designs, obtaining Yamaha's streamlined production system in return.

Future plans also call for Schimmel to sell its products through the Yamaha sales network. Schimmel reported piano sales of 57 million Deutsche marks (\$30.5 million) last year, the Yamaha officials said.

Hong Kong Property Concern Rejects Bid

Compiled by Our Staff From Dispatches

HONG KONG — Deacon Chu, a prominent Hong Kong businessman, has rejected a takeover bid for the property concern Far East Consortium Ltd., he said Thursday, just after selling his one-third stake in Asia Television Ltd., a commercial television operation.

Mr. Chu described as "unsolicited and unwelcome" a 1 billion Hong Kong dollar (\$128.2 million) offer Wednesday from Tse Sun Luen Jewellery Holdings Ltd., a locally listed jewelry maker, for Far East Consortium, which owns properties in Hong Kong, Singapore and Malaysia.

Mr. Chu and his family were estimated to hold around 38 percent of Far East Consortium, whose property portfolio includes an office tower in Hong Kong's Central business district, a residential development in Singapore and a commercial complex in Kuala Lumpur, Malaysia.

The bid came one day after Mr. Chu's decision to sell his stake in ATV for 237 million dollars to two local property companies, Lai Sun Development Co. and New World Development Co.

The flurry of activity surrounding Mr. Chu's companies followed his appearance in court in November, when he was charged with two counts of conspiracy to falsify accounts of the Far East Bank, of which he is chairman. The court case was adjourned until Feb. 10.

Just after his court appearance, he announced he would resign as ATV chairman on May 1, amid heavy speculation that Cheng Yu Tung, who heads New World Development, was poised to become the new chairman.

Trading in Far East Consortium resumed Thursday after a suspension at midday Wednesday at the request of the Hong Kong Stock Exchange.

The Sui Luen's offer price was 1.20 dollars a share, compared with Far East's estimated net asset value of at least 1.80 dollars a share.

Far East's share price has been hovering slightly above one dollar recently.

The sale of Mr. Chu's stake in ATV to two companies backed by wealthy Hong Kong families is expected to give the television station the teeth to more effectively compete against its rival, Television Broadcasts Ltd., which dominates the Hong Kong television market, analysts said. Lai Sun Development is headed by Peter Lam.

But it could be five years before the smaller station grows large enough to take a real bite out of TVB's profits.

Casper Li, research director at Citicorp Scrimgeour Vickers, said it could take up to five years for higher profits at ATV to filter through to shareholders.

TVB and ATV are locked in a wage fight, which was sparked last July when ATV launched a campaign to overhaul its flagging image, starting with fresh management. It offered higher wages to lure news broadcasters, scriptwriters and stars from TVB.

A new programming schedule is to be announced soon, an ATV spokesman said.

Brokers said the overhaul bodes well for ATV.

"TVB has practically held a monopoly for five or six years but, frankly, I don't think they've made the most of it," an analyst said. (AFP, Reuters)

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Canada		Income		1988		1987	
4th Qtr.	Revenue	1988	1987	1988	1987	1988	1987
Profit	1988	1987	1988	1987	1988	1987	1987
Per Share	1988	1987	1988	1987	1988	1987	1987
Year	Revenue	1988	1987	1988	1987	1988	1987
Profit	1988	1987	1988	1987	1988	1987	1987
Per Share	1988	1987	1988	1987	1988	1987	1987
Year	Revenue	1988	1987	1988	1987	1988	1987
Profit	1988	1987	1988	1987	1988	1987	1987
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Per Share	1988	1987	1988	1987	1988	1987	1987
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Profit	1988	1987	1988	1987	1988	1987	1987
Per Share	1988	1987	1988	1987	1988	1987	1987

CURRENCY MARKETS

Dollar Closes Mixed After Hectic Late Trading

NEW YORK — The dollar closed mixed Thursday after hectic late trading that was sparked by speculation on the outcome of the Group of Seven meeting in Washington, dealers said.

The dollar rose slightly to 1.8775 Deutsche marks at the close, from 1.8735 DM on Wednesday, after reaching a high of 1.8815 DM. Dealers said its advance was capped by rumors of central bank dollar sales.

But the U.S. currency fell against the yen, closing at 129.375 after 130.275 on Wednesday.

Dealers said the yen's strength was due to comments by Helmut Schlesinger, vice president of the West German Bundesbank. He told a French newspaper that Japan's strong economic fundamentals made it likely that the yen would be revalued against the mark over the long term.

Much of the activity came after a senior Japanese official accompanying the Tokyo delegation to the

London Dollar Rates

Currency	Thu.	Wed.
Deutsche mark	1.8775	1.8735
French franc	129.375	129.275
Japanese yen	129.375	130.275
Swiss franc	1.5450	1.5450
British pound	1.5450	1.5450

Source: Reuters

Group of Seven talks hinted to reporters in Washington that steps would not be taken to restrain the U.S. currency's advance, dealers said.

The official said leaders of the seven industrialized nations agreed that present exchange rates were relatively stable. He said the recent firmness of the dollar was caused by weakness in the mark and not by strength of the dollar.

The British pound eased slightly to \$1.7450 from \$1.7485. The dollar declined to 1.5945 Swiss francs from 1.5955 but inched up to 6.3880 French francs from 6.3805.

In London, the dollar ended erratic trading with narrow gains as

dealers looked ahead to the Group of Seven meeting.

Comments by Alan Greenspan, chairman of the U.S. Federal Reserve Board, caused the dollar to bounce around, but trading was hesitant, dealers said. Mr. Greenspan called for a reduction in the U.S. budget deficit and said the Reagan administration's 1989 interest-rate forecast may be too low.

The dollar inched up to 1.8695 Deutsche marks at the close from 1.8680 DM at the finish on Wednesday, but it lost ground against the yen, closing at 129.35, against 129.70.

The British pound dipped to \$1.7505 against a firming dollar, from \$1.7540, while the U.S. currency advanced to 1.5967 Swiss francs from 1.5940 but eased to 6.3775 French francs from 6.3625 the day before.

Currency markets were generally cautious as Group of Seven officials began assembling in Washington. The meeting has been billed as an opportunity for European and

Japanese representatives to get to know the Bush administration, with no communiqué expected.

"The market is apprehensive, and a little suspicious," said David Sawyer, vice president of foreign-exchange marketing at First National Bank of Chicago.

"Though there is no communiqué, they could still talk about dollar target ranges, new methods of intervention," he said, "and there could be a strong divergence of opinion, especially between West Germany and the United States."

Dealers are also hoping for direction from January U.S. jobs data, due out on Friday, which gives the first statistical indication of U.S. economic growth each month.

Sterling firmed against the mark after losing ground on Wednesday, closing at 3.2733 DM, compared with 3.2710. Trade ideas that the pound is near the top of its current range are prompting profit taking at these higher levels against the mark, dealers said.

G-7: Ministers Find There Is 'No Fire to Be Extinguished' in Washington

(Continued from Page 1)

recognition by the United States that U.S. leadership is critical to the process.

European financial officials said the Bush administration's commitment to the process was of critical importance for successful world economic management. The new administration's cooperative attitude contrasts sharply with that of Donald T. Regan, who was Treasury secretary in the early years of the Reagan administration, they said.

Provided that the U.S. budget deficit is trimmed, the officials said, there is no reason that the process of adjusting the world's economic imbalances—in particular the U.S. trade deficit—could not continue this year.

Mr. Mulford, however, said that with the adjustment process slowing down, "we must review very carefully to see if additional policy measures by the deficit and surplus countries may be required."

He said that rather than increasing growth by traditional "pump-priming" measures in the surplus countries, which could be inflationary, priority should be given to structural reforms, such as deregulation and the removal of "rigidities" in labor markets.

A senior European official said that while it was important that the seven nations act to cool any signs of incipient inflation, it was equally important that they avoid competitive interest-rate increases, which could create severe problems for

indebted developing countries and other governments with fiscal deficits.

While the ministers were expected to devote considerable attention to the international debt problem—on which West Germany, France, Japan and Canada all want quick action—specific proposals were not expected to emerge from

Friday's talks. Washington has made it known that a major review of its international debt strategy is not complete.

In general, European officials said, the ministers have good reason to be satisfied with the progress of their coordination efforts, which began in earnest in the fall of 1985, after the so-called Plaza Agreement

to engineer a smooth decline in the dollar.

At this meeting, the four European participants will be able to submit their best reports on economic health since the Group of Seven process started with "flexible" growth in the European Community last year, and substantial job creation, they said.

BRADY: A Slow Start as Secretary of the Treasury

(Continued from Page 1)

Mr. Brady met criticism for his statement at his confirmation hearing last September that "I don't see any need at this time for a taxpayer bailout of the savings institutions" and for a speech in Berlin just after he took office rejecting a Japanese modification of Mr. Baker's debt plan for the developing world.

Alberto Weissmuller, head of the Washington branch of Banca Com-

merciale Italiana, said Mr. Brady's Berlin speech conveyed a "very, very nebulous" impression in rejecting the Japanese debt plan and offered nothing in return.

But Mr. Brady is widely admired by leaders of both parties in the Senate.

Senator Bill Bradley, Democrat of New Jersey, a critic of the Baker debt plan, said he saw great hope for change under Mr. Brady, whom he described as "very thoughtful, very flexible and somebody who has fairness engrained in him."

Mr. Gutfreund said he admired Mr. Brady's soft-footed approach to issues.

"I wouldn't look to Nick Brady to try to create fireworks," Mr. Gutfreund said. "He is not a personality in search of a platform."

Donald B. Marron, chairman of PaineWebber Inc., said: "We would all like things to move faster. But there's an underlying feeling that some constructive thought is going on."

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World Stock Markets

Via Agence France Presse Closing prices in local currencies, Feb. 2

Market	Index	Change
Amsterdam	1,545.00	+10.00
Bombay	1,234.56	+12.34
Buenos Aires	1,567.89	+15.67
Calcutta	1,345.67	+14.56
Colon	1,456.78	+16.78
Hong Kong	1,678.90	+18.90
Kobe	1,789.01	+20.01
London	1,890.12	+22.12
Lyons	1,901.23	+23.23
Manila	1,012.34	+11.34
Medan	1,123.45	+12.45
Osaka	1,234.56	+13.56
Paris	1,345.67	+14.67
Peking	1,456.78	+15.78
Rangoon	1,567.89	+16.89
San Francisco	1,678.90	+17.90
Singapore	1,789.01	+18.01
Sourabaya	1,890.12	+19.12
Taipei	1,901.23	+20.23
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IF YOU GET A KICK OUT OF SOCCER, READ
ROB HUGHES
WEDNESDAY IN THE IHT

SPORTS

McKinney Wins, Zurbriggen Injured

Compiled by Our Staff From Despatches
VAIL, Colorado — Tamara McKinney gave the United States the first gold medal awarded at the World Alpine Ski Championships, recording a respectable third-place finish in the downhill Thursday to win the women's combined title.
On Wednesday, Pirmin Zurbriggen of Switzerland, the Olympic downhill champion, was injured when he was blown out of control while training during high winds. But the Swiss team doctor said that Zurbriggen probably would be fit to race in Friday's events at the championships.
McKinney, who had been second in Sunday's combined slalom behind Swiss superstar Vreni Schneider, overtook Schneider with a surprisingly competent downhill, which is not her specialty.
Schneider, who has won an unprecedented 10 races on the World Cup circuit this season, got the silver medal after finishing 11th in the downhill. Swiss teammate Brigitte Oertli took the bronze. Mateja Svet of Yugoslavia was fourth.
Canada's Kerrin Lee won the downhill in 1 minute, 31.70 seconds. Oertli was second in 1:31.99, with McKinney third in 1:32.10.
McKinney, 26, of Olympic Valley, California, trailed Schneider by 12-hundredths of a second in the



A race official on the men's downhill course, where Zurbriggen was injured, skied past fences that had been blown down by high winds.

slalom. Under the complicated scoring system used to figure combined, McKinney needed to beat Schneider by .10 in the downhill to overtake the Swiss for the combined.
McKinney left no margin for error over a course featuring numerous jumps and turns. She was 1.84 seconds faster than Schneider.
"I knew I had to risk everything," said McKinney, a veteran of 11 seasons with the U.S. Ski Team. "When I crossed the finish line, I didn't know I had won. But the roar of the crowd told me. I had a good performance. This is a very good start for the championships."
Schneider, 24, who had poor downhill training runs on a course that she said did not suit her style, said, "I could not have done any better on this course. I didn't like it from the very beginning. I am happy for Tamara. Second place is not bad at all."
After Zurbriggen's accident, Wednesday's morning run was quickly halted by Ken Read, a former Canadian downhill skier who is the International Ski Federation's safety inspector for the race. When the wind failed to let up, Read also canceled the afternoon run. Thursday's first run was called off, too.
Swiss team doctor Vlasov Dvorka found that Zurbriggen suffered a bruised upper back and bruised

SIDELINES

Worrell, Key and Davis Sign Contracts

NEW YORK (AP) — Todd Worrell of the St. Louis Cardinals quadrupled his salary Wednesday as nine major league baseball players avoided salary hearings, reducing the group in arbitration to 55.
Worrell, 29, a right-handed reliever, agreed to a one-year contract for \$875,000, a raise of 307 percent from the \$215,000 he made last season when he had 32 saves, a 5-9 record and a 3.00 earned-run average.
Jimmy Key of Toronto and Chili Davis of California got the day's biggest deals. Davis agreed to a three-year contract worth \$4.1 million, the outfielder having made \$950,000 last season after leaving San Francisco and signing with the Angels. Key, 32, a 3.29 ERA last season, signed a three-year pact at well over \$1 million a year, with an option for a fourth.

Irwin Struck in Forehead by Golf Ball

LOS ANGELES (LAT) — Hale Irwin, the 1976 Los Angeles Open champion, was hit on the forehead by a golf ball Wednesday while playing in the pro-am that traditionally precedes the tournament.
He was taken to Santa Monica Hospital for observation, where his forehead was stitched. He was to be released later in the evening but it was not known whether he would be able to play in the tournament.
According to an eyewitness, Irwin hit his second shot from the rough on the seventh fairway. Then, someone from the 15th tee yelled "Fore," and Irwin put his hands to his head to protect himself. The ball from the 15th tee hit him between his hands.

Boggs Says He Is Over Sex 'Disease'

BOSTON (UPI) — Wade Boggs, the five-time American League batting champion of the Boston Red Sox, who is embroiled in a \$12 million paternity suit with a former lover, said Wednesday that a recent TV show about oversexed people made him realize he suffered from the same "disease" for four years.
But Boggs insisted in a telephone interview on television that he was cured and has "made peace with myself, made peace with my family and gone on with my life." He promised Boston fans he would "do everything in my power" to bring the Red Sox another pennant.
Boggs said that the woman, Margo Adams, had "demanded \$100,000" from him to keep quiet about their long-running affair. He denied Adams' claim that he had made "racist" remarks about teammate Jim Rice, but did confirm her claim that he and teammate Steve Crawford once burst into teammate Bob Stanley's hotel room and photographed the pitcher in bed with a woman.

Aussie's Hole in One No Prize Winner

MELBOURNE, Australia (Reuters) — Stephen McCraw, 26, had's bitter-sweet experience Thursday, when he shot a hole-in-one but was not allowed to collect a 30,000 Australian dollar (\$27,000) prize.
The Victorian Open's sponsors had put up 50,000 dollars for the feat, with 10,000 dollars going to the National Heart Foundation and the Victorian Golf Foundation getting 10,000. But McCraw, an amateur, was not allowed to accept the prize money. Officials said the foundations would not receive their share of the money, either.

For the Record

FC Mecklen beat Dutch champion FSV Eintracht, 3-0, Wednesday night in the first match of the European Supercup. The return game between the holder of the European Cup, FC Bayern, and the European Cup winners' Cup champion is set for next week.
Vladimir Salnikow, 28, the winner of four Olympic gold medals in the 1980 Games in Moscow, has been appointed chief coach of the Soviet swimming team, the Tass news agency reported.
Heavyweight champion Mike Tyson, without a trainer since firing Kevin Rooney late last year, said Wednesday fellow Cus D'Amato protégé Jay Bright will handle the job for the Feb. 25 defense against England's Frank Bruno.
Aaron Pryor, 33, the former junior-welterweight champion, had surgery on a heavy cataract and a partially detached retina in his left eye; doctors said it may be six months before they know if he can fight again. (UPI)

NFL-Imposed Free Agency System Riles More Than Players

By Thomas George
New York Times Service
NEW YORK — The National Football League's new system of free agency, which went into effect Wednesday, is like a boiling pot of stew. Each team tossed in its share of ingredients and Thursday, when the lid was lifted, everyone found out what the mix was.
Under the plan, which was imposed by the owners in the absence of a collective bargaining agreement with the players, each team was able to protect 37 players on its roster.
Thus, more than 600 became free to negotiate with other teams until April 1, when their negotiating rights revert to their original teams.
Among those known to have been left unprotected were Tony Dorsett of the Denver Broncos, Randy White of the Dallas Cowboys, Charles White of the Los Angeles Rams and Steve Largent of the Seattle Seahawks.
However, Judge David Doty of federal district court in Minneapolis is hearing the antitrust suit filed by the players' union against the league and could grant an injunction that would void the plan.
"The union wants increased free agency, the clubs want to protect key players and fans want to see interesting football games," said John Jones, spokesman for the NFL Management Council, the owners' bargaining unit. "This plan juggles those interests and strikes a balance."
Gene Upshaw, executive director of the Players Association, disagreed, emphasizing the union goal of unrestricted free agency for all.
"There are still more than 1,100 players who are restricted, and most of the ones who are unprotected are guys in a certain age group with high

salaries," said Upshaw. He said that in no other sport were a player's achievements a penalty for his being able "to move to another team at some point in his career."
General managers, coaches and players around the league also differed on their views of the plan.
"I think a lot of teams, as we have done, have had their scouting departments busy projecting who will be protected around the league and who won't," said Russ Thomas, the Detroit Lions' general manager.
"I think there's going to be a list that's going to surprise a lot of us."
"First, you have to make the decision in cutting 37 if you want the guy that can still help you a year or two or the younger guy with a promising future. And then you've got that same question with the free agents who are out there making up this pool."
"There's never been this many there. I think there will be a lot of activity, likely an escalation in players' salaries and a chance for many teams to improve."
Improve too much at the expense of playoff teams, said Marv Levy, the Buffalo Bills' coach.
"I don't like it," Levy said. "I didn't have much say in it, and my feeling is that Dallas and Tampa Bay concocted this thing and had the people in place to make it a reality. The thing that irritates me is it is designed for those that finish lower in the standings."
"The teams in this league that are stronger have depth and they've done it in large part through drafting, and here comes a guy who didn't draft well and nabs your guy because you can't protect him."
Many players around the league have already been told that they were not protected. Most teams are calling the players in, saying, "Gosh, we want you, but it's a numbers game. Maybe you won't sign elsewhere and be back in April."
Some players wonder if the whole idea is to give the appearance of more free agency but actually provide little movement.
The Chicago Bears last week began informing those of their players who would not be protected. On a team with an emotional leader and emotional players, the new plan is taking its toll.
"You call a guy who has won a special award for his hustle on special teams, for his setting a standard in practices," said Jim Harbaugh, one of the Bears' three quarterbacks and a player the Bears did protect, "and you tell him thanks but we can't keep you. That's a slap in the face."

Peace's Wafted Off the Slopes

United Press International
VAIL, Colorado — Several hundred balloons were launched at Sunday's opening ceremonies for the World Alpine Ski Championships. Each contained a note written by a child from a nation whose ski team is competing.
One balloon made it to Southern California, and was found by Christopher Duffy. Race organizers said Wednesday he had called to find out what the message inside said, since it was in German.
By Seppi Kandler, 8, of Salzburg, Austria, it said: "Mein grosser Wunsch ist, dass es keine Krieg mehr gibt." Translated: "My greatest wish is that there be no more war."

BOOKS

EDWARD LANSDALE: The Unquiet American

By Cecil B. Curry, 430 pages, \$24.95. Houghton Mifflin, One Beacon Street, Boston, Mass., 02108.

Reviewed by Ronald H. Spector

IF the Cold War can be said to have a folklore, then Edward Lansdale is its Daniel Boone or perhaps its Robin Hood. A U.S. Air Force officer who spent most of his career in various intelligence assignments, he has attracted such diverse admirers as retired Major General John Singlaub, Daniel Ellsberg, John Paul Vann and Oliver North. President John F. Kennedy described him as an American James Bond, while the former CIA Director William Colby called him "one of the 10 greatest spies of all time." He figured prominently in two best-selling novels of the 1950s: Graham Greene's "The Quiet American" and "The Ugly American" by William Lederer and Eugene Burdick.
Although many aspects of Lansdale's career are still obscure, he is generally credited with having played a major, if not decisive, role in two episodes that, at the time, were considered major American triumphs in the Asian Cold War: Ramon Magasaysay's defeat of the Huk-balahap uprising in the early 1950s in the Philippines and Ngo Dinh Diem's consolidation of his rule, against considerable odds, in South Vietnam following

the 1954 Geneva Agreements. In addition, Lansdale played a role in the Bay of Pigs operation (which he wisely but unsuccessfully opposed) and in the Kennedy administration's subsequent efforts to destabilize the Castro regime. Lansdale finally returned to Vietnam in the mid-1960s, attempting, unsuccessfully, to salvage something from the wreckage of the regime he had helped to create.
In the cold light of the 1980s, Lansdale's feats have lost a good deal of their luster, but in the 1950s and '60s he was widely regarded as the man whose experience and achievements exemplified the United States' ability to succeed in the new era of psychological warfare, backstage political manipulation, guerrilla warfare, subversion and counter-subversion that characterized the Cold War in the Third World.
Lansdale's biographer, Cecil B. Curry, is himself something of an enigmatic figure. Curry's best-known earlier book, "Self-Destruction," a scathing critique of U.S. Army methods and leadership in Vietnam, appeared under the pseudonym "Cincinnatus." Curry and his publisher led members of the media to believe that Cincinnatus was a career military man who served as a private in the Korean War, "rose through the ranks," served as an officer in Vietnam and was "currently assigned to the Pentagon." In fact, Curry was an Army Reserve chaplain and college professor who had never served in Vietnam.
In the book Curry is described as "a military historian and author of eight

previous books," yet it is from the perspective of the historian that "The Unquiet American" is most unsatisfactory. Curry's account of Lansdale's life and career relies almost entirely on materials written by Lansdale himself and upon interviews with Lansdale and his close associates. Some of these interviews provide fascinating reading. Indeed, the reader would be well advised to check the endnotes to find some of the most revealing statements by Lansdale and Co., which Curry chose not to use in the text.
Unfortunately, the picture that emerges from Curry's reliance on Lansdale as his sole source of information on key events, decisions and personalities is inevitably one-sided and incomplete. The Dartmouth professor Jonathan Mirsky described Lansdale's memoirs, "In the Midst of Wars," published in 1972, as "permeated with lies from the cover to the final pages." Curry admits that Lansdale misled him on at least two significant subjects: his World War II activities and his part in funneling secret U.S. funds to Magasaysay and Diem.
If for no other reason than his prominence as an icon of unconventional warfare, Lansdale deserves a good biography. Unfortunately Curry's one-dimensional treatment is a disappointment.
Ronald H. Spector, author of "Eagle Against the Sun: The American War With Japan," is at work on a book on the later years of the Vietnam War. He wrote this for The Washington Post.

BRIDGE

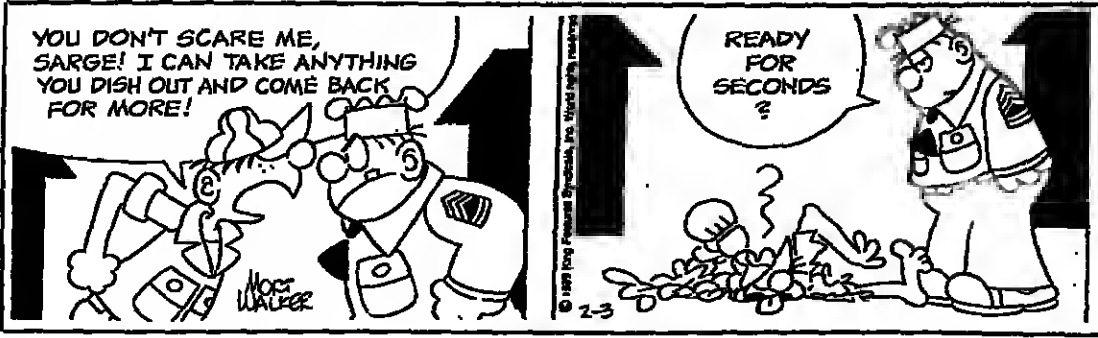
By Alan Truscott

EVERY player in North America, barring a handful clinging to Ely Culbertson's honor-trick method, uses the 4-3-2-1 point-count introduced early in the century by Milton Work.
Many players think too much about the points in the bidding, failing to allow for other factors that may indicate optimism or pessimism, and not enough about them in the play. An expert is acutely aware of the point-count when he is playing the hand or defending, and mentally places the missing high-cards so they mesh with the points suggested by the bidding.
A simple example is the diagrammed deal, in which South reached four hearts after West had opened the bidding. His takeout double, followed by a bid of one heart, showed substantial values, so his final jump to four hearts was an overbid. West led his top clubs and played a third round. South ruffed East's queen and thought about how he could avoid the loss of two trump tricks. Some point-counting was needed. If East held the heart king as well as the club queen, he would have had five points and perhaps scraped up a response to one club. And in that case, West would have had at most 11 points and would probably have passed originally. Both clues suggested that West held the heart king, so South cashed the ace and led a low card from his hand. He was rewarded when the king popped up from West, and it was then easy to bring home the game.
NORTH
♠ K 10 2
♥ 5 3
♦ K J 10 9
♣ J 5 2
EAST
♠ 8 5 3
♥ Q J 10 9
♦ A 9 8
♣ Q 10 8
SOUTH
♠ A Q 9 7
♥ A Q 7 4 2
♦ A 9 8
♣ 7 3
Both sides were vulnerable. The bidding:
West 1♣ Pass East 1♥ Pass South 1♠ Pass West 2♥ Pass East 3♥ Pass South 4♥ All in.
West led the club king.

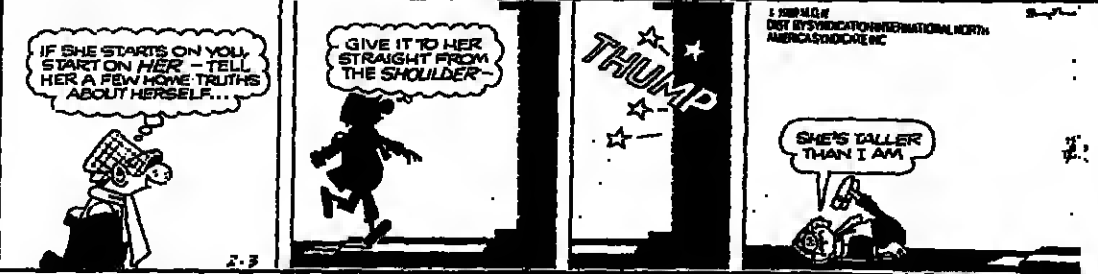
PEANUTS



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



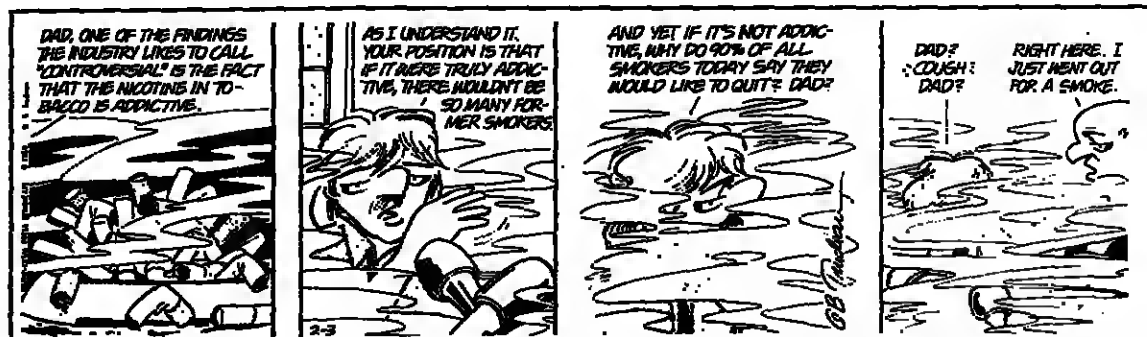
REX MORGAN



GARFIELD



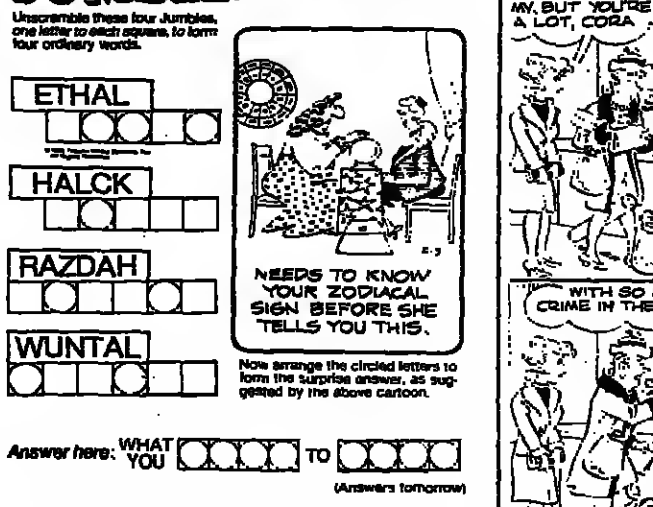
DOONESBURY



DENNIS THE MENACE



JUMBLE



BLONDIE



* If I DON'T ACT NORMAL, MR. SHEENEY, ITS BECAUSE I HAVE TO BE ON MY BEST BEHAVIOR.
Yesterday's Jumble: FLUID HEDGE TURKEY POULE
Answer: What position does a monster play on the hockey team? — "GRUBBIE!"

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